

ANNUAL REPORT 2020/21



The home of harmony, prosperity and growth

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CHAPTER 1

FOREWORD AND EXECUTIVE SUMMARY

Component A: Mayor's Foreword

This report provides feedback on the financial year 2020/2021 and it marks the last term of administration which started after the 2016 Local Government elections. Ours is a critical and broad mandate which finds its expression in the Constitution of the Republic of South Africa. Despite having such a crucial responsibility, we are now faced with many unprecedented challenges such as the ongoing threat of the novel coronavirus (Covid-19), high demand for access to services such as water, roads, storm water, housing, job opportunities and the current depressed economic situation that is impacting negatively on the organisation's plans and programmes as well as on other sectors of our society.

Ngwathe local municipality has been going through the most critical period in our organisation's history so far. This situation brings along an opportunity for us to deeply reflect on the year that has gone by. As we complete that journey and start a new one, we are called upon to reflect of the many lessons learnt, celebrate the successes achieved and map a way forward as we strive towards achieving excellence and good performance in our organisation.

Ngwathe would not have been able to function effectively throughout the previous financial year ended 30 June 2021 without a proper plan, dynamic leadership both politically and administratively that saw the organisation moving forward on its path of seeking good performance on financial management and thus achieving yet again qualified audit opinion from the Auditor-General South Africa (AGSA). The Management commitment led by the Municipal Manager operating under difficult conditions, demonstrating resilience, unity and strong cooperation in ensuring that Ngwathe continues to seek to achieve all the strategic objectives, is highly appreciated. I also acknowledge with gratitude, the unwavering support of the collective of councillors to the organisation.

We have as our strategic objective, endeavour to forge a strong bond with all our stakeholders by accommodating their inputs and views which are mutually benefiting. We are confident that going forward with such open minded working together, we will register progress with all sectors including those we might have neglected. The strong intergovernmental relationship with key stakeholders and customers will continue to pave and work on a solid foundation for effective and efficient implementation of all our developmental programmes.

Our vision is, "To develop and manage growth and prosperity in order to create sustainable and lively residential area" In line with this and other legal mandates and policy guidelines, Ngwathe Local Municipality adopted an Integrated Development Plan and a Service Delivery and Budget Implementation Plan which articulated the municipality strategic thinking and business direction. The two documents serve as our guiding performance management plan and helps to determine expected deliverables for the municipality.

Despite the ongoing economic difficulties and Covid-19 pandemic and subsequent lockdowns, Ngwathe Local Municipality continues to meet its financial obligations by paying its workforce on time and meeting other financial commitments, our financial viability is continually affected by increasing debts by customers. Most of the customers within our area of jurisdiction are almost indigent. The municipality does not have a strong tax base and does not have enough revenue base to sustain it, except to rely on grant funding from the already constrained fiscus.

The Municipality undertook the following capital projects during the year under review:

PROJECT DESCRIPTION	BUDGET
Tumahole: Construction of 3km water Pipeline between Reservoir 4 and Pressure Tower	R 6 723 563.21
Refurbishment of old Parys Water treatment works (COVID-19)	R 22 806 015.03
Vredefort: Extension of the Water Treatment Plant	R 22 414 792.63
Phiritona: Installation of 1093 residential meters and 13 bulk water meters (MIS:279654)	R 5 942 194.85
Mokwallo: Installation of 2000 residential meters and 15 bulk water meters	R 8 918 730.09
Heilbron: Upgrading of Waste Water Treatment Works	R 19 531 438.87
Vredefort: Upgrading of Waste Water Treatment Works	R 10 915 070.67
Mokwallo: Upgrading of the Sports Complex phase 3	R 1 325 407.02
Refurbishment of Koppies WTW and Construction of clear water pump station	R 25 600 185.32
Koppies Bulk Water Supply - Pipeline to Edenville	R 103 427 402.21
Refurbishment of Parys/Tumahole Water Treatment Plant (Conventional Plant)	R 6 687 054.58
Water Quality Management in Parys	R 2 484 207.00
Water Demand and water conservation in Parys	R 3 496 423.07
Water Quality Management in Koppies	R 1 839 328.61
Water Demand and water conservation in Koppies	R 2 388 006.36

In conclusion, I would like to thank my fellow-Councillors, particularly the Speaker and the Chief Whip, members of my Mayoral Committee, as well as the Municipal Manager, the management team of the Municipality and all municipal officials for keeping Ngwathe local Municipality aligned to its vision

Executive Mayor
Cllr Joey Mochela

Component B: Executive Summary

1.1 Municipal Manager's Overview

The preparations of this year's Annual report comes at a time when the country and the local municipality is facing an invisible and deadly enemy called COVID19. 2020/21 financial year has been over shadowed by over a thousand infections in Ngwathe Municipal area of jurisdiction and a handful of fatalities. The negative impact on the local economy and social challenges brought about by this virus will remain with us for many years to come.

However, besides all the challenges that we have faced the municipality remains committed to the attainments of its priorities. The municipality's annual budget was set against the realities and backdrop a weak local and national economic growth trajectory.

During the year under review, our budget expectations were not fully realized.

The municipality received qualified audit with a number of matters being emphasised by the Auditor General. All recommendations of the AG are being seriously adhered to and a detailed audit action plan was developed in order to keep regular monitoring of all compliance matters and the implementation of recommendation. We have been set back slightly but we are hard at work towards a clean audit.

During the year under review the municipality has been consistent in assisting council to carry out its obligations with distinction. In keeping up with the King IV principles, council committees that were established at the beginning of this administration have been meeting accordingly and providing the necessary oversight. Key amongst these committees is MPAC and the relationship between the executive and MPAC is cordial and collaborative. The Municipality continues to face challenges in certain areas. This includes ageing water and electricity infrastructure and the use of asbestos-cement pipes.

The municipality has taken a long term approach to address this challenges by implementing a capital replacement program. The objective of addressing these challenges is to curb water and electricity distribution losses and minimise disruption of services delivery.

During the period under review, there was only one section 56 manager position Director Technical Services which was filled towards the end of the financial year. There is a huge land hunger in Ngwathe and we are satisfied with the progress made thus far in the distribution of serviced stands to the low and middle class residents.

In conclusion, we will always be indebted to our residents who have always shown commitment to their town. They have been doing so through consistent payment of rates and taxes. They have been paying even through trying times and for that, we salute them. The business community has been showing us tremendous support. This support is not only through payment of rates and taxes but also through their continuous support in planning and the creation of much needed jobs.

On behalf of the admiration of Ngwathe, we wish to express our profound gratitude to the political leadership provided for by the Executive Mayor, her Mayoral Committee and the council at large. We further give appreciation to our staff members from the executives down to the cleaners for their unwavering support and commitment to the institution. We shall continue accelerating the delivery of services through innovation.

The following is indicative of our performance on all our capital projects taken during the period under review:

Service Delivery Performance

Table: MIG Projects 2020/21

Project	Actual Expenditure during 2020/21 Financial Year	% Complete (Construction)	Completion Date
Tumahole: Construction of 3km water Pipeline between Reservoir 4 and Pressure Tower	R 6 169 942.59	100%	20 th April 2021
Phiritona: Installation of 1093 residential meters and 13 bulk water meters (MIS:279654)	R 491 326.00	100%	30 th June 2021
Mokwallo: Installation of 2000 residential meters and 15 bulk water meters	R 94 364.49	100%	30 th June 2021
Heilbron: Upgrading of Waste Water Treatment Works	6 087 523.32	100%	30 th September 2021
Mokwallo: Upgrading of the Sports Complex phase 3	R 1 310 678.00	100%	30 th June 2021

Table: RBIG Project 2020/21

Project	Actual Expenditure during 2020/21 Financial Year	% Complete (Construction)	Completion Date
Refurbishment of Koppies WTW and Construction of clear water pump station	R 24 280 614.60	100%	30 th June 2021

Table: WSIG Project 2020/21

Project	Actual Expenditure during 2020/21 Financial Year	% Complete (Construction)	Completion Date
Refurbishment of Parys/Tumahole Water Treatment Plant (Conventional Plant)	R4 967 655.00	100%	30 th June 2021
Water Quality Management in Parys	R1 968 100.00	100%	30 th June 2020
Water Demand and water conservation in Parys	R 3 500 000.00	100%	30 th June 2020
Water Quality Management in Koppies	R 1,839,328.61	100%	30 th June 2020
Water Demand and water conservation in Koppies	R 2 015 087.50	100%	30 th June 2020

➤ PRIORITY ISSUES RELATED TO FINANCIAL MANAGEMENT

Overtime reduction

ESKOM debt management

Reduction of Rental – Yellow Fleet

Improved SCM compliance

Revenue Enhancement

Reduction of creditor's payment

Water board debt reduction

BW KANNEMEYER

Municipal Manager

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Municipal Functions

In accordance with Section 155/156 of the Constitution and Chapter 3 of the Municipal Systems Act, the broad functions and powers of the Municipality are reflected in Appendix D

Access to services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that households enjoy a decent standard of living. To satisfy these basic requirements, the municipality contributed as reflected below during 2020/21;

Water: Access to potable water in Ngwathe was recorded at 94%

Sanitation: An estimate of 82% of households in Ngwathe has access to basic sanitation services

Energy: Ngwathe provides an access level of 95% to electricity

Refuse removal: The household access level to refuse removal in Ngwathe municipality was at 81.9%

Housing: 44.7% of households in Ngwathe have access to formal housing

Roads: A number of road construction projects by way of paving were undertaken in Ngwathe with a total of 6 kilometers of road constructed / paved.

Local Economic Development

Our municipality intended to undertake a formal local economic development program structured in accordance with a properly analyzed and mechanized Local Economic Development Strategy. Our hope to source support from FSCOGTA in this instance was not successful leaving us currently with little option but to source private support for the development of such a strategy.

This however did not hinder the municipality from undertaking a number of LED related projects that empowers individuals and groupings throughout the municipality with the support from various government departments and agencies. With the current institutional skills gap and general skills gap throughout the municipality area, numerous individuals were afforded opportunities to enhance their skills by way of training provided and or facilitated. The municipality continues to source from capacitated individuals and groups to address challenges related to;

- The cleaning of side-walks in and around
- Promotion of tourism
- SMME capacity training and funding – Covid 19 relieve funding
- The repair of roads, by means of pot-hole filling.
- Paving of roads and Maintenance

A number other labour intensive projects to assist the unemployed market and provide possible income for indigent households.

The municipality continues to suffer not being able to access crucial data and information pertaining the job markets, economic growth centers, growth forecasts, regional economic data that influences migration and settlement patterns.

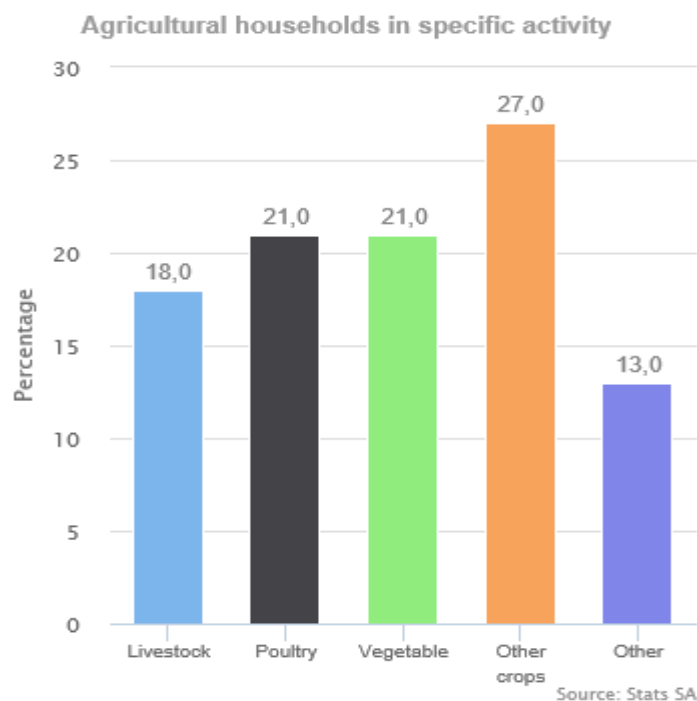
A strong research drive is required to continuously assess local capacity, development and potential growth opportunities.

Ngwathe, moving towards effectiveness efficiency and excellence

Economic Overview

The highest contributing sectors to the Growth Domestic Product (GDP) are:

- Agriculture



- Retail trade, catering and accommodation (11.5%)
- Tourism
- Finance, insurance, real estate and business services
- Transport, storage
- Building and Construction

Labour Profile

Statistics South Africa defines unemployment as those people aged between 15-65;

- who did not work during the 7 days prior to 10 October (when the census commenced);
- who want to work and are available to start work within a week of the interview; and
- who have taken active steps to look for work or to start some form of self-employment in the 7 days prior to commencement of the census.

Persons who have become discouraged from seeking work, or who no longer take active steps to find work, are not classified as unemployed. It is thus likely that unemployment figures, tabled below, are higher than that provided in these statistics. According to Statistics South Africa, the official unemployment figure for the Ngwathe area is estimated at 35.2%

Out of the population of 120 520, there are 39 555 economically active (employed or unemployed but looking for work) people and of the 20 204 economically active youth (15-35 years) in the area. It should be noted, however, that the "Other not economically active" participant's amounts to an overwhelming 42 423.04

In terms of youth unemployment, 45.1% of persons aged between 15-34 years within the Ngwathe area are unemployed

Demographics within the Ngwathe Municipality

The preferred languages for the people of the Ngwathe area is Sesotho 67%, Isixhosa 8.4% and Afrikaans 23.2% whilst other national languages all register below 3.5%.

According to the 2011 Statistics SA census survey Ngwathe demographics can be summarized as follows:

The total population size increased to 120 520 persons, to; reflecting 24.7% of the total population of the Fezile Dabi District municipal area.

Population Growth

The population growth based on the 2017 Community survey indicates a positive growth in relation to the negative growth of 0.3% recorded in 2011 census. Our current population was officially recorded at 118 907 in October of 2017.

Population Groups

Sex by Ratio

There are more females than males across all wards except wards 5 and 7 where 49.7% and 49% is registered whereas ward 8 shows an equal total of males and females.

Table: Sex by Ratio of Ngwathe

Province, District and Local Municipality	Gender		Total	Sex ratio (Males per 100 Females)
	Male	Female		
Free State	1 379 965	1 454 749	2 834 714	95
FEZILE DABI	245 985	248 792	494 777	99
Moqhaka	76 193	78 539	154 732	97
Ngwathe	56 425	62 482	118 907	90
Metsimaholo	85 531	78 033	163 564	110
Mafube	27 836	29 738	57 574	94

Data source: Statistics South Africa, Community Survey 2016

Functional Age Group

The majority of the population is made up of the functional age group in Ngwathe.

Table : Distribution of the population by functional age group in Ngwathe municipal area

Province, District and Local Municipality	0-14 Children	15-34 Youth	35-64 Adults	65+ Elderly	TOTAL	Dependency Ratio
Free State	797265	1 058948	732863	245638	2834714	58,2
FEZILE DABI	125 956	180 167	137 470	51 184	494 777	58,2
Moqhaka	37 929	54 322	44 398	18 082	154 732	55,8
Ngwathe	32 964	40 712	30 935	14 296	118 907	56,7
Metsimaholo	38 825	64 440	47 646	12 653	163 564	66,0
Mafube	16 238	20 692	14 491	6 153	57 574	45,9

Data source: Statistics South Africa, Community Survey 2016

School Attendance

Table : Indicates school attendance, non-attendance and unknown in Ngwathe municipal area.

Geography	School Attendance		
	Yes	No	Do not know
Free State	859361	1699444	2402
DC20: FEZILE DABI	129160	321460	347
FS201: Moqhaka	40085	101608	198
FS203: Ngwathe	30292	76656	70
FS204: Metsimaholo	42186	107449	31
FS205: Mafube	16597	35747	48

Data source: Statistics South Africa, Community Survey 2016

Highest Level of Education Attained

Table : Education Levels in Ngwathe municipal area

Education Levels	Totals
No schooling	4301
Grade 0	3432
Grade 1/Sub A/Class 1	3568
Grade 2/Sub B/Class 2	3244
Grade 3/Standard 1/ABET 1	4809
Grade 4/Standard 2	4927
Grade 5/Standard 3/ABET 2	5099
Grade 6/Standard 4	6059
Grade 7/Standard 5/ABET 3	5948
Grade 8/Standard 6/Form 1	7732
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	8313
Grade 10/Standard 8/Form 3/Occupational certificate NQF Level 2	11406
Grade 11/Standard 9/Form 4/NCV Level 3/ Occupational certificate NQF Level 3	9426
Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3	21877
NTC I/N1	98
NTCII/N2	28
NTCIII/N3	166
N4/NTC 4/Occupational certificate NQF Level 5	333
N5/NTC 5/Occupational certificate NQF Level 5	153
N6/NTC 6/Occupational certificate NQF Level 5	273
Certificate with less than Grade 12/Std 10	43
Diploma with less than Grade 12/Std 10	195
Higher/National/Advanced Certificate with Grade 12/Occupational certificate NQF	493
Diploma with Grade 12/Std 10/Occupational certificate NQF Level 6	1426
Higher Diploma/Occupational certificate NQF Level 7	534
Post-Higher Diploma (Master's	304
Bachelor's degree/Occupational certificate NQF Level 7	1001
Honours degree/Post-graduate diploma/Occupational certificate NQF Level 8	565
Master's/Professional Master's at NQF Level 9 degree	176
PHD (Doctoral degree/Professional doctoral degree at NQF Level 10)	65
Other	230

Data source: Statistics South Africa, Community Survey 2016

Table 8: Unemployment rate in Ngwathe municipal wards

Unemployment rate	35,2%
Youth unemployment rate	45,1%

Data source: Statistics South Africa, Census 2011

1.3 SERVICE DELIVERY OVERVIEW

Basic Service Delivery Achievements

Source of water

94% of households within the Ngwathe area have access to municipal or service provider water, with the rest of the households sourcing water from dams, rivers, tankers, etc. Interventions to aid water security include continuous upgrades and maintenance to water purification plants in Ngwathe as well as other developments to supplement the water demand.

Main Source of Water

Source of Water	Fezile Dabi	Moqhaka	Metsimaholo	Ngwathe
Piped (tap) water inside the dwelling	83199	26054	38610	12474
Piped (tap) water inside yard	78495	24644	17840	24858
Piped water on community stand	3312	261	1801	1222
Borehole in the yard	1732	1027	216	447
Rain-water tank in yard	101	20	81	-
Neighbor's tap	737	402	55	190
Public/ Communal tap	2286	147	312	779
Water-Carrier / Tanker	495	151	12	167
Borehole outside the yard	1399	672	119	536
Flowing water / stream/ river	70	17	-	53
Well	-	-	-	-
Spring	15	15	-	-
Other	527	192	67	184
Total	172 370	53 601	59 113	40 910

Data source: Statistics South Africa, Community Survey 2016

Toilet Facilities

97% of households make use of a flush toilet that is connected to a sewerage system, while 3% makes use of pit latrines.

Table 9: Distribution of households by type of toilet facility in the Ngwathe municipal area.

District and Local Municipality	Main type of toilet facility used										
	Flush toilet connected to a public sewerage system	Flush toilet connected to a septic tank or conservancy Tank	Chemical toilet	Pit latrine/toilet with ventilation pipe	Pit latrine/toilet without ventilation pipe	Ecological toilet (e.g. urine diversion; enviro loo; etc.)	Bucket toilet (collected by municipality)	Bucket toilet (emptied by household)	Other	None	Total
Fezile Dabi	139501	1991	55	3469	10777	12	7814	1256	5593	1901	172370
Moqhaka	48060	1145	18	1268	1804	-	138	253	95	819	53601
Ngwathe	33124	314	37	1792	939	-	3362	188	502	652	40910
Metsimaholo	43484	341	-	377	8006	12	1242	448	4939	264	59113
Mafube	14832	191	-	31	28	-	3073	367	57	167	18745

Source: Statistics SA Community Survey 2016

Energy

A total of 99% of households within the Ngwathe municipal area have access to electricity for household purpose. 1% of households do not have access to electricity. The municipality has committed itself to energy efficiency within the municipal area, by focusing on the increase of capacity, upgrading of networks and replacement of outdated and faulty meters, to reduce electricity loss.

Table 10: Distribution of households using electricity for lighting, cooking and heating in Ngwathe municipal wards

District and Local municipality	Household access to electricity									
	In-house conventional meter	In-house prepaid meter	Connected to other source which household pays for (e.g. con	Connected to other source which household is not paying for	Generator	Solar home system	Battery	Other	No access to electricity	Total
Fezile Dabi	19814	135715	3148	452	11	212	19	1072	11926	172370
Moqhaka	5771	44084	1738	189	-	75	19	184	1542	53601
Ngwathe	2959	35321	415	187	-	95	-	99	1835	40910
Metsimaholo	8196	41558	737	41	-	-	-	720	7862	59113
Mafube	2887	14753	259	36	11	43	-	69	687	18745

Source: Statistics SA Community Survey 2016

Table: Reduction in outages

Water		ELECTRICITY		SEWERAGE Challenges/Spillages		OTHER Roads	
2019/20	2020/21	2019/20	2020/2021	2019/21	2020/21	2019/20	2020/21
20%	20%	30%	20%	15%	15%	50%	50%

Data: Ngwathe Technical Services department

Basic Service Delivery Challenges

Electricity and water losses experienced by the municipality over the last years are contributed to a number of factors, most of these factors or reasons for losses can be alleviated some at greater cost than others, whilst generally more awareness and consciousness of the public may assist the institution to manage such losses.

An initiative in collaboration with Eskom will address some of the losses the municipality experience in terms of collections relating to electricity, of which include the replacement of old dilapidated and faulty electricity meters. This collaborative effort will also deal with issues pertaining to current Eskom debt, which also hinders our ability to service the current account.

The serious shortage of staff, specifically in the Technical Services Department is not only a disadvantage but is a direct cause of our inability to respond positively to most basic services challenges. The lack of Master / Sector plans across the organization hinders our ability to do forecast planning and effectively plan specific long-term plans with anticipated growth considerations taken into account.

Table: Basic Service Delivery Challenges at March 2021

Informal settlement area	Challenges	Interventions necessary/initiated
Parys / Tumahole	<p>Inadequate Yellow fleet in-case there is storm Throwing of wires into the network resulting in outages Overload of transformers</p> <p>Theft and vandalism of electrical equipment Aging Infrastructure Throwing of stones into sewer manholesStormwater in Lusaka, Mandela</p> <p>Gravelling of roads</p>	<p>Provision of own yellow fleet Community awareness Extra transformers to be procured Policing of network Capital Budget to be increased Community awareness regarding usage Investment in Stormwater</p> <p>Investment in the gravelling of roads</p>
Vredefort / Mokwallo	<p>Insufficient water in high lying areas (ward14 & 15)</p> <p>Unavailability of water and sewer reticulation in extension 4 Mapetla section in Vredefort.</p>	<p>We are currently using jojo tanks and a water tanker to supply water in those areas. The WTW is also under refurbishment.</p> <p>Business plan submission to Department of Human Settlement/MIG/RBIG/WISG</p>
Heilbron / Phiritona	<p>Insufficient and inconsistent supply of water in extension 9 (Ward %)</p> <p>Fire Station</p>	<p>Ngwathe Municipality and Rand Water working together to address the challenge with focus on water losses.</p> <p>Renovation of the Fire Station</p>
Koppies / Kwakwatsi	<p>Inadequate yellow fleet to immediately respond in case of storm</p> <p>Throwing of wires/chains into the electrical network resulting outages</p> <p>Throwing stones/unnecessary material into sewer manholes</p> <p>Inadequate supply of portable water in high lying areas.</p> <p>Gravelling of roads</p> <p>Fixing of potholes in town</p> <p>High rate of vandalism/ theft of municipal properties</p> <p>Firefighting equipment</p>	<p>Provision of own yellow fleet</p> <p>Community awareness</p> <p>Community awareness/ education regarding usage water</p> <p>Provision of water storage by building extra pressure tower.</p> <p>Investment in the gravelling of roads</p> <p>Community awareness for vandalism/theft occurrences</p> <p>Sasol Mining, Social Labour Plan funding for Provision of procuring fire fighting vehicle units.</p>
Edenville / Ngwathe	Major water shortages and running dry of aquifers	Water Pipeline project from Koppies to Edenville

PLANNING AND DEVELOPMENT

This component includes Planning, Local Economic Development.

The spatial planning and land use management intends to promote integrated planning and development by periodic review of spatial development framework, Town planning scheme and other ancillary land use policies. It further seeks to optimize the utilization of the geographic information system as a decision-making and management tool. The strategy strives to facilitate growth and development by speedily processing land use rights application.

PHYSICAL PLANNING	CHALLENGES	status
Opportunities		
Wall-to-wall land use		The Department of Rural Development is in the process assisting the Municipality

Ngwathe Local Municipality provides the town planning services to the communities; the main function of this department is to secure land; develop safe and healthy environment; to establish sustainable settlement areas; eradicate informal settlements; to ensure tenure of land; to ensure access to funding; to develop internal services and provide housing .

SERVICE STATISTICS FOR PLANNING DEVELOPMENT PLANNING AND BUILDING CONTROL

DETAILS	2020/2021
Building plans approved	57
Number of applications received for: - Township establishment	0
Rezoning	2
Special consent and other	35
Telecommunication	7
Wayleave applications approved	3
Total	

APPLICATION FOR LAND USE DEVELOPMENT

Detail	Formalization of Townships	Rezoning	Built Environment
	2020/2021	2020/2021	2020/2021
Planning application received	1	3	
Determination made in year of receipt	0	0	0
Determination made in following year	0	0	0
Applications withdrawn	0	0	0
Applications outstanding at yearend	0	1	0

COMMENT ON PLANNING AND DEVELOPMENT OVERALL PERFORMANCE

Despite lack of Human Resources, the following has been achieved. All land use applications that have been submitted to the Municipality has been assessed and completed. Outstanding application are incomplete and still requires more information from applicant.

HUMAN SETTLEMENT

The Municipality has physically allocated sites to eligible beneficiaries in the financial year 2020/21 as follows and the recorded backlog thereof: -

Table:

PROJECT NAME	EXTENSION	NUMBER OF SITES ALLOCATED	NUMBER OF APPLICANTS	NUMBER OF DECLINED APPLICATIONS	SITE ALLOCATION BACKLOG
Parys/Tumahole	Ext 7	118	N/A	N/A	N/A
Vredefort/Mokwallo	Ext 4 & 7	485	795	0	310
Heilbron/Phiritona	N/A	N/A	N/A	N/A	N/A
Koppies/Kwakwatsi	N/A	N/A	N/A	N/A	N/A
Edenville/Ngwathe	N/A	N/A	N/A	N/A	N/A

The Department of Human Settlement has funded the connection of water and sewer network for the sites. In the financial year 2018/2019, contractors were appointed in Parys and Heilbron only. In the financial year 2019/2020, the other 3 towns – Vredefort, Koppies and Edenville were appointed. The construction is still in progress.

Due to the delay on construction of bulk sewer and water connections, only Vredefort and ext 9 and part of ext 7 Parys' beneficiaries' were physically allocated on the sites as per the above table.

Intervention necessary/initiated – Human Settlement

The process of new township establishment to deal with the backlog will be initiated in the new financial year 2020/21

WASTE MANAGEMENT

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

NLM has five-landfill sites, Parys, Vredefort and Koppies are unlicensed, Heilbron & Edenville are licenced.

We collect refuse from residential area once a week and twice-in businesses per day. We use compactor trucks to collect refuse in each town.

Heilbron, Koppies and Edenville we use refuse tips.

Challenges:

Unlicensed and unfenced landfill sites, informal settlements where there is no refuse bins and access roads for compactor trucks.

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

We managed to adhere to our schedule of refuse removal with few downtimes. We have challenges with our landfill sites, they are not fenced, no machinery on site to push and compact the refuse and occasional altercation between our employees and pickers on site

Illegal Dumping

Illegal dumping is managed very well and it is done on a daily basis. Some hotspots have been closed and converted into beautified spaces

LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The mission of the LED section is to create an enabling environment for local economic growth and the following subunits are responsible to achieve the mentioned objective.

Growing and expanding existing business area: focus on channelling resources to existing business area in order to expand operations and increase higher wages jobs from within the existing economic base. Focus on projects to create a formal business attraction, retention and expansion, or projects to create or enhance the town urban regeneration program.

Stimulating Entrepreneurship:

focus resources on fostering new business start-ups that may include projects that create and / or expand business development program, projects that support the creation and / or expansion of small business incubators or projects that support the creation of investment networks.

Retention of existing businesses:

Strengthening Existing Small Businesses to Create Thriving Local Economies. Business Retention & Expansion (BR&E) is an economic development strategy to proactively connect existing businesses to understand and respond to local business needs.

Attracting New business:

focus on channelling resources in order to induce business to relocate to Ngwathe Local Municipality. Focus on projects that identify local strengths and opportunities for business attraction or projects that develop market- specific-recruitment program.

Local Economic Development (LED) plays a crucial role in creating a conducive environment for businesses in order to facilitate investment that result in job creation and improved quality of life for the inhabitants and the economy in general. The focus is aimed at stimulating Entrepreneurship attracting businesses and retaining the businesses that exists in the municipal area.

One of the main functions is to ensure the development of SMME's in order to create much need job opportunities to better the lives of the ordinary people. We are also expected to form partnerships with private businesses and other government institutions that will improve the business environment in the municipal areas.

The LED is divided into 3 units that are Tourism, Agriculture and SMME Development sub-unit. As one of our main functions is to ensure that we offer capacity building, trainings and awareness programmes to the business and in particular the SMME's.

CAPACITY BUILDING PROJECTS

PROJECTS UNDETAKEN BY LED UNIT IN NGWATHE MUNICIPAL AREA JURISDICTION

1. Agriculture

Parys nursery

Through the assistance of the provincial Department of Agriculture, Ngwathe Local Municipality

benefited as a recipient of Nursery project. This project initially created ten jobs for youth of Tumahole, Parys. It produces various types of roses. There are two tunnels which were erected including the storage cooler building.

Poultry

The Department of Agriculture also contributed financially in the building of poultry project. The project will benefit the community through massive employment of 1200 jobs. According to the plan, the project will produce 1600 chickens in eight weeks cycle period. The building construction is at 90% completion stage.

Commonage land

There is enough arable land available for both crop and live stock farming. Emerging farmers leased the land for the purpose of small scale farming from the Municipality.

2. Tourism

- Ngwathe Local Municipality is an attractive destination for tourism.
- The Vaal River and Vredefort Dome contribute towards this attraction.
- There are more than two thousand tourists who visit our area every weekend.
- Vredefort Dome has been declared as the heritage site.
- The process of proclamation is still to be organised.
- Mimosa Gardens is a resort that belongs to the municipality and many tourists enjoy their holiday in this resort because of the Vaal River which is adjacent to the area, however the resort is currently closed due to fast deteriorating state caused by vandalism
- There are also events hosted annually by the Municipality which also add to the number of tourists who visit the place.
- The Free State Madeira Flower Festival attracts more than eight thousand spectators and it is hosted during November month. The boat festival also contribute towards the economic spin – off of the area. This event is also annually hosted during November month, the festival is currently halted due to Covid 19 pandemic.

Social Labour Plans: Mining Operations

The following mining houses has committed funding projects as per the SLP submitted to the Department of Mineral Resources and Energy.

- Funding is committed: -
 - Sasol mining – procurement of fire and rescue vehicles, funding amount R3.5 million
 - Sasol mining – construction of a new Parys clinic, funding amount R12 million
 - De Beers Group – Building of the Ratang Maqheku Old Age Home and acquisition of mini bus, 22 seater. Total funding R3 million
 - De Beers Group – Establishment of a new water testing lab, total funding R3.5 million
 - Tja Naledi mine – Renovation of Tumahole swimming pool, R240 000.00
 - Sweet Sensation mine – Renovation of Vredefort Old Age Home, R250 000.00
 - Mantsopa mining – total funding R1 million, portion of the funding will be used towards Welding Learnership for 10 Koppies youth

Public Private Partnership

- The Ngwathe Local Municipality registered 3 (three) identified projects for the need to develop/upgrade Mimosa Garden resort (Parys), Unifees Dam (Heilbron), Parys Aerodrome (Parys) as part of post-Covid 19 economic recovery plan with the envisaged development and upgrading of the existing structures.
- Treasury approved the registration of the projects.
- Currently the projects are being prepared to be advised to call for expression of interest from the investors

The President of the Republic of South Africa on the 25th March 2020 pro-announced that the country will be lock in terms of Regulations of Section 27 (2) of the Disaster Management Act, 2002,(Act No,32 of 2002). This was after the realization of increased Covid 19 cases in the country and in a way to reduce the spread and its effects. Amongst others, the Minister of Small Businesses also instructed municipalities to issue temporary business permits for the period of the lockdown.

The Department of Small Business Development announces GUIDELINES FOR PARTICIPATION IN THE SPAZASHOPS AND GENERAL DEALERS SUPPORT SCHEME IN PARTNERSHIP WITH NEDBANK which opened on Saturday, 18 April 2020.

The support scheme also benefits the general dealers/ traditional grocery stores in townships and villages applicable licenses that are 100% owned by South Africans.

DID THE LOCAL ECONOMIC DEVELOPMENT UNIT ASSIT THE LOCAL TUCKSHOP OWNERS TO LOAD THEIR PARTICULARS ON <https://smmesa.gov.za> portal for all businesses which are negatively affected, directly or indirectly, due to the Coronavirus pandemic.

A spaza shop/ general dealer owner who is a South African and holds a valid trading permit (including temporary) or business license in the case of a general dealer qualifies to apply

LED Unit in collaboration with DESTEA were tasked to identify South Africans Small Businesses, which include Spaza Shops and Informal Traders for the purpose of accessing Funding for Covid 19 relief funds.

Sector	South Africa citizens
Tuck-shops	137
Informal Traders	221
Farmers	117
TOTAL	
GRAND TOTAL	

The LED Unit in collaboration with DESTEA were tasked to identify South Africans Small Businesses, which include Spaza Shops and Informal Traders for the purpose of accessing Funding for Covid 19 relief funds.

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)

Maintenance of Parks & other amenities	
Koppies	14
Heilbron	3
Maintenance of CBD and taxi ranks	0
Agricultural project	0
Environmental & Waste Management project	33
Administrative assistant	3
Roads Maintenance	12
Community Care Giving project	0
Maintenance of Halls	3
Cemeteries Maintenance	5
Public Safety project	40
TOTAL	

PARKS, SPORTS AND RECREATION

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

This Unit within the Community Service Department is comprised of the following sections:

- Resorts (Mimosa, MPCC)
- Sports Facilities
- Community Swimming Pools

An active, creative and informed Ngwathe community

Strategic goals

- To ensure provision of sport and recreation facilities within communities
- To promote Culture of participation in sport and recreation at all level in the Community
- To provide performance, sport development and training service to Ngwathe Community

Total Number of Museums: 1 Museum (Parys)

Total Number of Chalets : Mimosa Lake Site Resort

SERVICE STATISTICS FOR MIMOSA RESORT						
Description	2018/2019		2019/2020		2020/2021	
	Bookings	Income	Bookings	Income	Bookings	Income
Chalet bookings	n/a	0	0	0	0	0
Caravanbookings	n/a	0	0	0	0	0
Day Visitors	n/a	0	0	0	0	0

COMMENT ON SERVICE STATISTIC:

Mimosa Gardens Resorts is currently closed since April 2020

SPORT AND RECREATION

The unit Sports and Recreation is responsible for providing an enabling environment for communities for participating in Sports and Recreation programmes.

The main service delivery priorities are:

Development and Maintenance of Sports and recreation facilities

Total number of Sports Arts and Culture Facilities

Total number of Sports Facilities : 10 Sports Facilities

Total number of swimming pools :10

The responsibility of the department is to ensure that community has accesses to the facilities and they are maintained according to the national standard set by the National Sports and Recreation facility management policy.

CEMETERIES

The Municipality performs the establishment, conduct and control of facilities for disposing of human and animal remains; this includes cemeteries, funeral parlours and crematoria's.

The municipality committed itself to ensuring that all the towns have at least two decent cemeteries, one being in the town area whilst the other is in the township area. Tariffs for same would also differ with the town area being more than those of the townships. We further endeavour to provide ablution facilities within these areas. In terms of services, we render not only burials but also cremations, top on top, exhumations, reopening etc.

Ngwathe Local Municipality has total of 21 cemeteries, 3 are non-active and only used for reserved burials while 18 are active.

The top 3 service delivery priorities and its impact are to:-

- Regulate and maintain public cemeteries
- Conduct burial bookings and graves preparations
- Comply with National Health Act, 2003 (Act No 61 of 2003 and other related legislations).

SERVICE STATISTICS FOR CEMETERIES

The measures taken to improve the performance of the service is through continuous coaching of staff, time for holding regular meeting and feedback sessions and training. Communities were given support through free burial rights for the destitute and paupers individuals from poverty-stricken families.

INDICATOR	2018/2019	2019/2020	2020/2021
CEMETERIES			
Burials	1790		790
Adults	1695		714
Paupers	03		03
Children (baby, or stillborn)	73		73
Re-openings	19		19
Memorials	N/A		0

Comment on Cemeteries

- There is no electronic system in place to accurately record burials. Manual recording is done.
- No cemeteries are properly fenced and there is no access control.

SECURITY AND SAFETY

The following key functions are performed in this section:

FIRE AND DISASTER MANAGEMENTFIRE AND RESCUE SERVICES

The section focus mainly on legal requirements as per SANS 100:90" Community protection against fire" as well as Fire Brigade Act 1987.

The primary aim of this section is:-

- Save lives
- Incident stabilizationFire prevention

- Minimization of damage to property against fire
- Humanitarian help against environmental vulnerability
- Fire safety inspection
- Implementations of fire break in accordance with the fire brigade
- Review house and business plans
- Awareness campaigns

In terms of the Disaster Management Act 57 of 2002 and the National Policy Framework of 2005, a Disaster Management Centre is responsible for the following KPAs:

- ✚ Institutional Capacity Building
- ✚ Disaster Risk Assessment
- ✚ Disaster Risk Reduction
- ✚ Disaster Response and Recovery
- ✚ Disaster Management Information and Communication Centre

DISASTER MANAGEMENT		
Details	2019/2020	2020/2021
Total number of calls received and dispatched		1342
Disaster Risk assessment		0
Public awareness campaigns		58
Number of personnel		2

SERVICE STATISTICS FOR DISASTER MANAGEMENT

DESCRIPTION OF CALLS	2019/2020	2020/2021
Disaster Relief	n/a	1
Drought	n/a	0
Floods	n/a	0
Disaster Management Inspection	n/a	0
Windstorm	n/a	0
Earthquake		0
Fires		608
Sinkhole / Dolomite		0
Hazmat		0
Traffic related accidents		324
Abnormal loads		1
Special service		0
Water and sanitation		520
Electricity complains		240
Public Events		2

1.4 FINANCIAL HEALTH OVERVIEW - The municipality financial position is as reflected below

Financial Overview – Year 2020/2021			
Details	Original Budget	Adjustment Budget	Actual
	R'000	R'000	R'000
Taxes, Levies and tariffs	R 530 341 574	R530 341 574	R 464 769 856
Rental of facilities	R 724 245	R724 245	R 320 199
Interest Income	R 48 529 598	R 48 529 598	R46 765 781
Fines and Licenses	R 2 145 000	R 2 145 000	R 259 146
Grants Operating	R 219 653 200	R 255 795 467	R 258 183 608
Other	R 3 062 051	R 3 062 051	R 18 961 617
Sub Total	R 804 455 668	R 840 597 935	R 789 260 208
Less Expenditure	R 823 642 125	R 859 784 394	R 940 260 190
Note surplus/deficit	(19 186)	(19 186)	(151 000)

Data supplied by Financial Services Department

The following table some key financial management challenges experienced in 2020/21

Key Financial Challenges and Interventions
Challenges
Creditors and debtors growth
Revenue under-collection / Cash flow liquidity
High distribution losses
High maintenance cost due to aging infrastructure
Shortage of skilled staff

Financial Health

Based on our operating ratios provided below the Municipality financial health is reflected as follows

Operating Ratios				
Details	%	Expected Norm	Variance from Norm	Comment
Employee Cost	28%			
Repairs & Maintenance	10%			
Finance Charges & Impairment	10%			

Data Supplied by Financial Services Department

Capital Expenditure

Details	Budget 2019/20	Budget 2020/21	Comment on variations between Actual and Adjustment Budgets
	R'000	R'000	R'000
Original Budget	R 102 164 000	R 102 164 000	
Adjustment Budget	R 102 164 000	R 99 779 702	
Actual	R 60 909 003	R 82 854 233	

Data Supplied by Finance & PMU Department

Risk Assessment

The organizational risks were assessed and a Risk Register was developed. The Municipality's five top risks and mitigation measures follow below:

Five Top Risks and Mitigating Measures

Ranking	Description	Mitigation Strategies
1	Electricity Cable Theft	Appointed Security Services in all the towns of Ngwathe Local Municipality Cameras have been installed in Parys and the roll-out plan for regions was developed the challenge was affordability
2	Distribution loss	Installed energy efficiency appliances and upgraded the infrastructure. Gradually replaced conventional meters and faulty (water and electricity) meters.
3	Low Revenue	Implemented Debt and Credit Control Policy and was able to engage the debt collection company on best collection mechanisms. Encouraged communities to pay for their services.
4	Poor Water Quality	Appointed water and sanitation manager to assist in processes of development of Water Services Master Plan. Department of Water and Sanitation provided the support to the municipality.
5	High Litigations	Adherence to legislative requirement in all areas of responsibilities was a challenge noting the vacant position of Legal Manager.

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

Ngwathe municipality subscribes to a view that says, Organizational development is an ongoing, systematic process of implementing effective organizational change.

Directorates

The institution is classified into the following directorates through which employment is housed;

- Political Offices (Mayor and Speaker)
- Municipal Manager's office
- Financial Services
- Technical Services
- Community Services
- Corporate Services

Regions

The municipality is composed of the following five (5) regions

- Parys,
- Heilbron,
- Koppies,
- Vredefort &
- Edenville.

Organogram

Organogram was adopted by Ngwathe Municipal Council on the 26 April 2017.

1.6 AUDITOR GENERAL REPORT

The Auditor-General awarded the municipality qualified Opinion for the 2019/20 financial year.

1.7 STATUTORY ANNUAL REPORT PROCESS

- ✓ Adapt for Covid-19 Disaster Management Regulations

Table: Annual Report Process

Annual Report Process		
No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan confirms in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit Performance Committee considers draft Annual Report of municipality and entities where relevant	August
7	Mayor tables unaudited Annual Report	
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	Sept -Oct
10	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
11	Municipalities receive and start to address the Auditor General comments	November
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor General Report	
13	Audited Annual Report is made public and representation is invited	
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight Report	December
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial councils	January
18	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

It is important to achieve the above deadlines, not only to achieve legislative compliance but to ensure the smooth running of municipal planning, budgeting, service delivery implementation and reporting cycles which all feed and depend on one another. The Municipal Annual Report also informs the planning process of other spheres of government, thus influencing our equitable share of future government grants.

The table below shows to what extent the municipality complied with legislative requirements and timeframes in terms of the Annual Report Process.

Table : Legislative Compliance of the Annual Report Process

Activity	Applicable Legislation	Comment
Annual Report tables to Council within 7 months after end of financial year	MFMA Section 121 (1)	Yes
Annual Report made public for public comment	MFMA Section 127 (5)	Yes
Annual Report placed on website within 5 days after tabling in Council	MFMA Section 75	Yes
Annual Report submitted to National Treasury	MFMA Section 127(5)	Yes

CHAPTER 2

GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO GOVERNANCE

Ngwathe Local Municipality was established in terms of Section 12 Notice of the Municipal Structures Act of 1998. In terms of Section 12 Notice, the Municipality is a Category B Municipality which operates within the Executive Mayoral Committee System combined with the Participatory Ward Governance in Ngwathe Local Municipality is composed of both the Political and Administrative Governance. Governance is the process of decision-making and the process by which decisions are implemented. Governance in the Municipality takes into account legal and constitutional accountability and responsibilities. The Political wing of the Municipality exercises their executive and legislative powers and function to govern the affairs of the municipality. The Administration wing is responsible for Corporate Governance as prescribed by various legislative frameworks,

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

Ngwathe local Municipality has two management teams: a Political and an Administrative team. Together they exist to provide a wide-range of services to residents and businesses. Municipal councils exercise both legislative and executive functions. This is intended to facilitate hands-on governance and synergy between elected representatives, the executive and the administration. The proximity is meant to facilitate a more vibrant and responsive municipality that would ultimately result in efficient service delivery. The political team made up of councillors and directed by the Mayor and EXCO Members, make strategic and policy decisions for the residents and businesses. The Administrative Team, supervised by the Municipal Manager and the Departmental Directors are to ensure that the decisions are put into effect.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

In terms of Chapter 7, section 151(2) of the Constitution of the Republic of South Africa, the legislative and executive functions of a municipality are vested within its Municipal Council. The Political leadership of the Municipality exercise their executive and legislative powers and functions to govern the affairs of the Municipality. The legislative function of the Council is vested within the full Council with the Speaker as its Chairperson. The passing of policies and By-laws remain the responsibility of Council.

The Executive Mayor: Cllr MJ Mochela has overarching strategic and political responsibility for Ngwathe local Municipality and also represents the Municipality at ceremonial functions. She receives reports from the Municipal Manager and presents these along with recommendations to Council.

The Speaker: Cllr NP Mopedi is the Chairperson of the Council. The Speaker presides over Council meetings ensuring that meetings are held regularly, maintaining order during Council meetings and that the rules and regulations of the meeting are adhered to.

The Section 79 committee is District shared Services namely: Audit Committee.

The Audit Committee is an independent shared committee constituted to review the control, governance and risk management within the Municipality. It is established in terms of section 166 of the Municipal Finance Management Act (MFMA). The Committee constitutes of members, who meet quarterly as per the schedule of meetings and provide recommendations on financial and nonfinancial processes of the Municipality.

Municipal Public Accounts Committee (MPAC) exercises oversight over the executive functionaries of Council and ensures good governance in the Municipality. Its functions include the analysis of the Annual Report, and submission of the Oversight Report on the Annual report to Council with recommendations. Once the Oversight Report has been considered and approved by Council, it is published in accordance with the MFMA requirements and guidance.

The council consist of 36 councillors belonging to different political parties represented in council. The Mayor and Speaker also form part of council and are both fulltime office bearers.

THE MAYOR AND SPEAKER OF NGWATHE MUNICIPAL COUNCIL



***CLLR MOTLALEPULE JOHANNA
MOCHELA***

MAYOR

Functions

To preside during the Executive meetings
performs the duties, including any ceremonial functions, and
exercises the powers delegated to the Mayor by the Council or
Mayoral Committee



***CLLR NEHENG PAULINA
MOPEDI***

SPEAKER

Functions:

To preside during the Council meeting
performs the duties and exercises the powers delegated to the
Speaker in terms of Section 59 of the Local Government: Municipal
System Act, No 32 of 2000
To ensure that Council meets quarterly
To maintain order during the Council meetings
ensure compliance in the Council and Council committees with the
Code of Conduct set out in Schedule 1
To ensure that Council meetings are conducted in accordance with
Rules and Orders of the Council

Composition of the Municipal Council:

Political Party	Number of Seats
ANC	24
DA	8
EFF	3
FF+	1
TOTAL	36

NGWATHE MUNICIPAL COUNCIL – 2017



**WARD 1
CLLR MATROOS**



**WARD 2
CLLR P NDAYI**



**WARD 3
CLLR M MOFOKENG**



**WARD 4
CLLR S NTEO**



**WARD 5
CLLR M RAPULENG**



**WARD 6
CLLR M MAGASHULE**



**WARD 7
CLLR M GOBIDOLO**



**WARD 8
CLLR KGANTSE**



**WARD 9
CLLR M MBELE**



**WARD 10
CLLR M MOFOKENG**



**WARD 11
CLLR N TLHOELO**



**WARD 12
CLLR A VREY**



**WARD 13
CLLR H FIELAND**



**WARD 14
CLLR R MEHLO**



**WARD 15
CLLR M MOFOKENG**



**WARD 16
CLLR SOTSHIVA**



**WARD 17
CLLR M TAJE**



**WARD 18
CLLR M TOYI**

MAYORAL COMMITTEE

The Mayoral Committee (MAYCO), which is chaired by the Mayor and draws membership from the chairs of the following Municipal Portfolio Committees (Section 79/80 committees):



Back row from left: Cllr. ML Mofokeng – MMC Finance; Cllr M Mofokeng – MMC Social & Community
Cllr L Sotshiva – MMC Public Safety & Transport; Cllr M Mmusi – MMC Urban Planning & Rural Development;
Cllr K Serati – MMC Corporate Services
Front row from left: Cllr PR Ndayi – MMC Infrastructure & LED; Cllr M J Mochela – Executive Mayor; Cllr S Mbele – MMC Special Projects & IDP

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality

The **Municipal Manager** as head of the administration is responsible and accountable for tasks and **functions** as provided for in, but not limited to the Local Government: **Municipal** Systems Act, No. 32 of 2000, Chapter 8 of the Local Government: **Municipal** Finance Management Act, No. 56 of 2003. The municipal manager is appointed by council. The Municipal Manager is the link between the council and the administration, of which he/she leads. The accounting officer is responsible for the municipality's income and expenditure, assets and other obligations such as proper adherence to all legislation applicable to municipalities. Subject to the municipal council's policy directions he ensures that an economically viable, effective, efficient and accountable administration is established and developed, that the IDP comes to fruition, that municipal services are delivered in a sustainable and balanced fashion, that a personnel corps is appointed, managed, developed and disciplined and that sound labour relations are maintained.

The Municipal Manager has to personally provide reasons to council for the way in which the financial affairs of the departments of council had been conducted, and this will be conducted with the assistance of the Finance Department.

The IDP and PMS Manager is a key Department within the Municipal Managers' office. It is responsible for the Integrated Development Plan (IDP) and Performance Management.


Internal Audit and Risk Manager are also located in the Municipal Manager's office and ensures compliance with municipal legislation. It also monitors that all departments adhere to the IDP, the municipal strategy, policies and Risk Management in the sector.

Ngwathe Local Municipality has three (4) Municipal Departments that report to the Municipal Manager. These Departments are directed by Directors who ensure that services are delivered to the people of Ngwathe. However note be taken that the Position of Director Corporate remains vacant.


The Municipal Manager and his team of Directors and Managers convene weekly meetings to discuss key strategic service deliverables, progress and guidance on achieving IDP goals, staff matters as well as the monitoring of the Municipal Budget and Projects

The Municipal Manager and Directors, together with keys managers, meet formally on a weekly basis to discuss key strategic issues which are then formulated into action plans for execution by mandated managers. The senior management team on scheduled basis engages with MAYCO to accelerate issues of importance which requires a political mandate or support.

The Macro structure of the municipality is currently as reflected below;

MACRO STRUCTURE OF NGWATHE MUNICIPALITY	
 <p>MR. BW KANNEMEYER</p>	<p>MUNICIPAL MANAGER</p> <p>Functions</p> <ul style="list-style-type: none"> • Provide strategic Direction to all 4 Directors • IDP • SDBIP • Performance Management • Local Economic • Tourism • Sector Plans • Audit Management • Risk Management • B2B

 <p>MR. HI LEBUSA</p>	<p>CHIEF FINANCIAL OFFICER</p> <p>Functions</p> <ul style="list-style-type: none"> • Revenue management, • Expenditure management, • Asset management, • SCM management, • Budget and Reporting
 <p>ME. FM MOKGOBU</p>	<p>DIRECTOR: CORPORATE SERVICES</p> <p>Functions</p> <ul style="list-style-type: none"> • Human Resource Management • Legal Services • Admin and Records Management • Property Management • Information and Communication Technology • Customer relations • Training/Learning and Development • Building Maintenance. • Occupational Health and Safety. • Labour Relations. • Employment Equity
 <p>ME. PP NHLAPO</p>	<p>DIRECTOR: COMMUNITY SERVICES</p> <p>Functions</p> <ul style="list-style-type: none"> • Town Planning, Land Use Management • Basic Services • Disaster management & Firefighting Services • Sports, Arts and Culture • Human Settlements • LED. • Commonages. • Refuse Removal. • Land fill Sites. • Building Plans. • Parks & Recreation. • Mimosa. • Environmental Health.

 <p>MR. TR MALUNGA</p>	<p>DIRECTOR: TECHNICAL SERVICES</p> <p>Functions</p> <ul style="list-style-type: none"> • Roads and Storm Water Management • Water and Sanitation • Waste Management • Electricity Management • PMU
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The total number of positions on the staff establishment is for the reporting period positions the status is as follows:

Positions	Number
Number of positions in the staff establishment	1,342
Total Number of new positions filled	3
Total number of critical vacant positions	236
Total number of vacant positions during the period	599
Vacant Section 56 Positions	2

Meeting the requirements for Political and Administrative Governance

This section reports on how the municipality met requirements of participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability with regard to handling its governance mechanisms/structures.

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

Productivity

The municipality's political and administrative governance structures remained productive throughout the 2020/21 financial year and complied well with legislative requirements. The following meetings were held:

Table : Council and MAYCO Meetings held and attended in June 2020 until July 2021

Meetings	Meetings held
Mayoral Committee Meetings	24/08/2020
	13/10/2020
	23/10/2020
	02/12/2020
	21/01/2021
	18/02/2021
	23/03/2021
	22/04/2021
	20/05/2021
Council Meetings	31/08/2020
	30/09/2020
	16/10/2020
	30/10/2020
	10/12/2020
	28/01/2021
	26/02/2021
	31/03/2021
	30/04/2021
	28/05/2021

Table 20: Ward Committee Meetings held in 2020/21

Ward Committee	Chairperson	Number of Meetings
Ward 1,	Cllr. Matroos.A	04
Ward 2,	Cllr. Ndayi.R	03
Ward 3,	Cllr. Mofokeng.M.D	04
Ward 4,	Cllr.Nteo.S	07
Ward 5,	Cllr.Rapuleng,M	03
Ward 6,	Cllr. Magashule. M	06
Ward 7,	Cllr. Gobidolo. M	00
Ward 8	Cllr.Kgantse. R	04
Ward 9,	Cllr. Mbele.M	06
Ward 10,	Cllr.Mofokeng. M.L	06
Ward 11,	Cllr. Tlhobelo. N	07
Ward 12	Cllr.Vrey. A	04
Ward 13,	Cllr. Fieland. H	04
Ward 14	Cllr.Mehlo. R	05
Ward 15	Cllr.Mofokeng.MM.	07
Ward 16	Cllr.Sochiva.L.	07
Ward 17	Cllr.Taje. M	01
Ward 18	Cllr. Toyi. M	03

Audit Committee Member	Portfolio	Committee Members Attending	Date of appointment	Audit Committee Meetings Held 2019/20
ME. Mohlahlo	Chairperson	0 (Apologies - 2)	31 May 2017	28 October 2020 (Special Meeting)
N Modisaesi	Member	2 (Apologies - 0)	31 May 2017	28 October 2020 (Special Meeting)
GT. Banda	Member	0 (Apologies – 2)	31 May 2017	28 October 2020 (Special Meeting)
MNG Mahlatsi	Member	2 (Apologies – 0)	31 May 2017	28 October 2020 (Special Meeting)

MPAC Committee

The **MPAC** (Municipal Public Accounts Committee) has taken over the function as the Oversight Committee.

No	Title	Name & Surname	Portfolio		Date MPAC Meetings Held
1	Cllr	Matjhini Toyi	Chairperson		20/11/2020
2	Cllr	Victoria De Beer/Mthombeni	Member		15/04/2021
3	Cllr	Mosiuwa Mofokeng	Member		21/05/2021
4	Cllr	Rebecca Mehlo	Member		
5	Cllr	Arnold Schoonwinkel	Member		
6	Cllr	Malebo Magashule	Member		

Accountability, Transparency and Rule of Law

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law. Transparency means that stakeholders are provided with information on decisions taken that directly affect them. Rule of law means that legal frameworks are enforced impartially.

The municipality's political and administrative governance structures are held accountable through various measures all of which are adhered to by the Ngwathe Municipality.

Table: Governance Structures and Accountability Measures

Governance Structure	Measure of Accountability
Council	To approve the budget and encourage culture of community participation to community. Ensure that administration provide support to Council and also to approve policies and by-laws
Mayoral Committee (MAYCO)	To present strategic plan to council and make recommendations to council
Ward Committees	To assist the Ward Councilors with community needs and make recommendations to Council. They also serve as link to Council and residents
Portfolio Committees	Discuss matters affecting portfolio and submit reports to EXCO
MPAC Committee	The Oversight Committee serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council
The municipality reports its annual performance and financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion
The municipality reports its financial status and performance to its communities annually	The approved Annual Report is made available to the public
Municipal structures, employees, operations, procedures and processes are ruled by legislation	Policies, Bylaws, Legislation, Regulations and Codes are available

Worker Representative Unions represent employees on organisational structures and observe the legality of labour practices procedures and processes	Unions serve as link between administration and labour. They assist labours in term of unfair labour practice by employer
Internal Auditing ensures the management of risk exposure and monitors adherence to legislation	The unit identifies municipal risk and generates a Municipal Risk Register Internal Auditing reports are generated and tabled to Council
The Audit Committee is responsible for the oversight of internal controls, financial reporting and Compliance with regulatory matters.	Audit Committee approves the Internal Audit Plan and reports to Council
Community participation in the development of Policies and Strategies	Participative processes are scheduled
IDP and Budgeting Participation	Participative processes are ensured with a Council approved Process Plan
Performance Management Committee	An evaluation panel, established in terms of Section 6.6 of the Performance Agreement, evaluates the performance of employees. Performance Agreements are signed on acceptance.
Organizational and Service Delivery Performance reporting to Council	Quarterly Performance Reports on the SDBIP are tabled to Council
Municipal Website promotes transparency	The Municipal website is updated as and when required. All current event news articles, as well as required legislative documents (including budgets, tenders and vacancies) are updated on the website. Around unique visitors browsed the municipal website on a monthly basis during the 2020/21

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal. In this instance, those governance structures and processes that ensure that the community needs are met, with the best use of resources

Table 23: Governance Structures and Measures of Effectiveness and Efficiency

Governance Structure	Measure of Effectiveness and Efficiency
Portfolio Committees monitors municipal service delivery and budget implementation	Quarterly Reporting to Council on the SDBIP
Executive Committee ensures the mid-term assessment of performance, spending and budget	Mid-Term Assessment Report tabled to Council Adjustment Budget Tabled to Council if needed Adjusted SDBIP tabled to Council if needed
Audit Committee ensures oversight of internal auditing and risk management processes	Internal Audit Plan Internal Audit Reports tabled to Council Risk Register Number of fraud cases reported and losses recovered
Performance Management Committee	Performance The Performance Management System is designed to reward superior performance. This linking increases overall organizational motivation and efficiency by focusing the executive management on the successful implementation of the IDP and Budget.)

Equity and Inclusiveness

Society's wellbeing depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

The political and administrative governance structures of Ngwathe Municipality reflect equitable representation of the area's population structure. Different Political Parties are well represented in Council.

Consensus orientated

Good governance requires mediation of the different interests in society. To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and how this can be achieved.

Consensus on what is in the best interest of the whole community and how it can be achieved is a process that unfolds through the municipality's scheduled, consultative IDP, Budgeting and Ward Based Planning processes.

Responsiveness

Responsiveness means that institutions and processes try to serve all stakeholders within a responsible timeframe.

The governance structures of Ngwathe Municipality mainly adheres to set Council schedules, process plans approved by Council and reporting cycles determined by Provincial and National Government spheres. This is monitored through administrative compliance monitoring and oversight by the Audit Committee.

Participation

Participation can be direct and/or through legitimate intermediate institution or representatives.

Community participation in the governance structures of the Ngwathe Municipality is mainly achieved through the Ward Committees System and consultative meetings with the community and sectors in the scheduled IDP/Budget process. Community Participation in the development of Policies and Strategies has otherwise been achieved through scheduled consultation sessions and/or workshops and/or through website uploads for community review and comments.

COMPONENT B. INTER-GOVERNMENTAL RELATIONS

The Municipal Systems Act, Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution Section 41.

Ngwathe municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and inter-governmental relations with the District municipality, neighbouring municipalities, Provincial and National Government and other government agencies. Maintaining good relations with other spheres of government makes it possible to benefit from the various contributions to service delivery offered by government, by aligning municipal planning to the development objectives and targets of provincial and national sector departments. Such contributions include various grants, skills development and capacity building roll-outs which strengthen local government in its quest to improve service delivery.

2.3 INTER-GOVERNMENTAL RELATIONS

Ngwathe Municipal staff and Management attends various engagements / sessions in - upholding good inter-governmental relations for the purpose of good governance, government - collaborated strategic direction, aligned planning, reporting, legislative compliance, accountability and Ngwathe's participation in government programs and roll-outs to benefit development of our Administration, local area and communities.

The table below illustrates the numbers of engagements held in the province and district to which municipal officials were invited and therefore attended to enhance institutional capacity and also access relevant dire funds or support which are sometimes offered at these engagements of government.

Table 25 : IGR Engagements by Ngwathe Municipality 2020/21

IGR ENGAGEMENTS FOR THE OFFICE OF MUNICIPAL MANAGER			
Meetings/Forum	Attended on behalf of Ngwathe Municipality	Hosted in / Where	Date
IDP PROVINCIAL MANAGER'S FORUM	IDP/PMS OFFICER	All meeting were held in Zoom	
DISTRICT IDP MANAGERS FORUM	IDP/PMS OFFICER	Fezile Dabi District Municipality, Sasolburg	28 September 2020 24 November 2020 03 June 2021
PROVINCIAL IDP SUPPORT MEETING	IDP/PMS OFFICER	Gariiep Dam	25 February 2021
PMS PROVINCIAL MANAGER'S FORUM	IDP/PMS OFFICER	CLARENS	03-04 December 2020
DISTRICT WATER & SANITATION FORUM	DIRECTOR TECHNICAL	Fezile Dabi District Municipality, Sasolburg	

COMPONENT C: Public Accountability and Community Participation

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

Ward Committees as a governance structure promotes public accountability and strengthens community participation. The Ward Committee System is fully institutionalized and capacitated within the Ngwathe Municipality.

Table 26: Ward Committees and Chairperson in 2020/21

Ward Name (Number)	Ward Committee	Chairperson
Ward 1	<ol style="list-style-type: none"> 1. MNGOMEZULU ANNA 2. ROETS MARVIN 3. ROETS CHRISENO 4. SMITH CHRISTOLINE 5. KOADIBANE MARTHA 6. MLANGENI KENNY 7. RALESAI NKAMOHENG 8. MPHORE THABO 9. MARELE TSA MOFOKENG 10. MARELE TSA 	CLLR ASHLY MATROOS
Ward 2	<ol style="list-style-type: none"> 1. DIKHOLE KELENETSE 2. MOKADI MAKOLOTI 3. CHAKANE THABO 4. MOLEKO TLHAPANE 5. NKONE REFILOE 6. XABA NOZILELO 7. MANUS CATHERINE 8. TSOTETSI BAIPATI 9. MALOKA MOLIEHI 10. SEELE ADELINE 	CLLR PHILLIMON NDAYI
Ward 3	<ol style="list-style-type: none"> 1. MOFOKENG BETTY 2. MAKHEMENG TEBHO 3. THABEDI MALEFANE 4. MAFALE OBAKENG 5. MOALOSI KARABELO 6. MOHOLO MOJANAGA 7. KHESA MORONGWE 8. SEKOBOLO MOTLALENTOA 9. THOBELA PAULINA 10. JACOB MOHOLO 	CLLR MOSIUWA MOFOKENG
Ward 4	<ol style="list-style-type: none"> 1. GABORONE PUGISHO 2. KHANYE LETIA 3. MNGOMEZULU NZODO 4. MOTSAPI MOKGO 5. MSIBI DICKSON 6. MOTAUNG CHRISTINA 7. LESEKA MACMILLAN 8. LEBAJOA HADIFELE 9. RANKILE SANA 10. MANTSO VICTOR 	CLLR SERAME NTEO
Ward 5	<ol style="list-style-type: none"> 1. BEYAPHI MANTSO 2. NHLAPHO LYDIA 3. SEFATSA NTETELLENG 4. MOEPI RANOKO 5. MSIMANGA TEBHO 6. MKHWANAZI MPHOSI 7. DLADLA LUCY 8. MATSIMELA MOLAHLEHI 9. MOSIA MADITABA 	CLLR MAHLOKO RAPULENG

Ward Name (Number)	Ward Committee	Chairperson
	10. SEFATSA JACOB	
Ward 6	1. DAVID RAMPOPO 2. LYDIA RASEYALO 3. SABELO NCULE 4. MORENA MAFIKA 5. LIZZY TAETSANE 6. LITABA SEKELEMANE 1. ELIZABETH MOLALOGI 2. NTHABISENG MOKOENA 3. THENJIWE BONTSE 4. MANTWA RADEBE	CLLR MALEBO MAGASHULE
Ward 7	1. MORETLO MQCINA 2. JEANETTE ROBERTS 3. GLORIA MOLOTO 4. SELLO SEBAKE 5. NOMSA MAFOKAZANA 6. TEFO MATLHAKU 7. LYDIA PLAATJIE 8. MOJALEFA SETHOKO 9. MAPASEKA MOPEDI 10. PRIESTA MBELE	CLLR MAFIKA GOBIDOLO
Ward 8	1. NKONOANE MARTIN 2. MALEHO LYDIA 3. PHATSISI TEBHOHO 4. KEBILE THENJIWE 5. PIETERSE BRENTON 6. VUMANI MORAKANE 7. OVERWACHT MADGALEEN 8. MOKITLANE TSOKU 9. MOLIBELI JEANETTE 10. VACANT POST	CLLR ROSIE KGANTSHE
Ward 9	1. WILLIAM MADIKILA 2. AGNES MOKOENA 3. NTHABISENG QETSO 4. NOMTHANDAZO KATI 5. VUYISILE VETZO 6. SALAMINAH TLADI 7. DANIEL MPINGA 8. KENNETH RASMENI 9. MALOAS RADEBE 10. DORCAS HLATHI	CLLR MHLOPHEKI MBELE
Ward 10	1. MIRRIAM RANTSAILLE 2. THABO MAHLABA 3. KEDIBONE NTHOROANE 4. ROSINAH NHLAPHO 5. FILDA MOLATA 6. MAGDALINE LETSABA 7. THAPELO MOFOKENG 8. MPHO MOGALE 9. MAGROOT 10. VACANT POST	CLLR MANNESE MOFOKENG
Ward 11	1. JAMES NKHI 2. SIPHO GANAFANA 3. SELLOANE MOLALOGI 4. LEAH RANTSAILA 5. PUSELETSO MABENA 6. ZACHARIA MTHIMKHULU 7. EVA THEKISO 8. MODIEHI MATOLO 9. CORNELIA WISSO 10. VACANT POST	CLLR NTHABISENG THLOBELO

Ward Name (Number)	Ward Committee	Chairperson
Ward 12	<ol style="list-style-type: none"> 1. JOHANN BOSMAN 2. ROY ULYATE 3. SONJA VAN RHYN 4. MURRAY MCMILLAN 5. NICOLINE PIENAAR 6. KEAGILE MOLOTSANE 7. INNOCENTIA KUTOANE 8. THATO SEABI 9. EDDIE VAN ZYL 10. LOUISE LOCK 	CLLR ANDRIES VERY
Ward 13	<ol style="list-style-type: none"> 1. SANDILE MAKELENI 2. SELLO SIPHETLO 3. SIMON NDZUNGA 4. JAMES KAMFER 5. SUSAN MOILOA 6. MASELLOANE MARELETSA 7. DEBORAH NOVEMBER 8. MACDONALD MACHOTOLA 9. PONTSHO MABOEA 10. RACHEL KAMFER 	CLLR HENDRICK FIELAND
Ward 14	<ol style="list-style-type: none"> 1. FANSELE HOKOMANE 2. DIMAKATSO RATEMA 3. NTSOAKI SEKHAMPU 4. KOOS MOHONO 5. ELIAS LEBOKO 6. MAPULE MOHAPI 7. MOSIDI BOOKGOLANE 8. MANNANA LETSHELEHA 9. MOLEFE MOHOLO 10. DORAH MODISENYANE 	CLLR REBECCA MEHLO
Ward 15	<ol style="list-style-type: none"> 1. NGAKA LETSHUMA 2. MABOTE KGAJWANE 3. ANNA NTHOLENG 4. FEIKIE KGOTLE 5. MALEFU THABETHE 6. THAPELO MOSOEU 7. MAMOKETE LETSIPA 8. MODIEHI MOSOEU 9. TEBOHO MOHOLO 10. VUYISILE NZELANI 	CLLR MALEFU MOFOKENG
Ward 16	<ol style="list-style-type: none"> 1. MALESHOANE PULE 2. DOMZODWA NONDALA 3. MOIPONE LEBONE 4. MODIEHI MSIMANGA 5. MOJABENG NTSALA 6. SELLO SERIFI 7. MARTHAA RAMONANA 8. DIMAKATSO SOKIVA 9. MOHAPELOA MODIEHI 10. LEBONA SUZAN 	CLLR LEPONESA SOCHIVA
Ward 17	<ol style="list-style-type: none"> 1. JENNIFER MAHLANGU 2. SAMMY MAETSE 3. NTHABISENG MAJOE 4. MAKHALA SELEPE 5. MAKHETSANA SEROBE 6. PETRUS GOUT 7. MODIBEDI XABA 8. MAKHITSANE SEROBE 9. MAREKA MAHLATSI 10. JOSEPH MELANE 	CLLR MAHLOMOLA TAJE
Ward 18	<ol style="list-style-type: none"> 1. MOLEFI MOFOKENG 2. JOHN MOSITO 3. MOKWAISI MANTSO 4. MAMOLATO MAPHAKISA 5. MAKI RADEBE 6. MANTSHADI NKOMO 	CLLR TOYI MATJHINI

	7. MATSHEDISO SEJAKE 8. PULENG MAILE 9. MADIBUSENG MASHIANE 10. MAMOLATO THELETSANE	
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Accountability

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law.

2.4 Community Participation in the Development of Legal Frameworks and Directives

The table below indicates the dates on which Ngwathe Municipality consulted with the community in the development of Municipal directives and documents in 2020/21, as advertised on the municipal website.

Table : Website Uploads for Community Review and Comments

WEBSITE UPLOADS FOR COMMUNITY REVIEW AND COMMENTS	
MUNICIPAL DIRECTIVE & ACTION	DATE
Inspection of valuation roll	Date not available
Annual Report 2019/2020	On website
Municipal Budget, Integrated Development Plan, Policies and determination of tariffs for the financial year	On Website
SDBIP 2019/20 SDBIP 2020/21	On Website
IDP open for comment	On Website

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal.

Equity and Inclusiveness

Society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

PUBLIC PARTICIPATION MEETINGS ON REVIEW IDP AND BUDGET 2020/21

Ngwathe Local Municipality like many institutions in South Africa were faced with COVID 19 pandemic and had to observe the strict regulations imposed by government. Instead of the normal public consultation process of direct contact with communities and stakeholders, the council took the following resolution in respect of the 2020/21 IDP review process

PUBLIC PARTICIPATION MEETINGS ON THE REVIEW IDP AND BUDGET 2020/21

Public participation Process will be commencing according to the following schedule, Communities and all key stakeholders of the public are encouraged to attend the meetings in their respective wards.

DATE	TOWN	WARD	VENUE	WARD COUNCILLOR	TIME
03/03/2020 TUESDAY	HEILBRON	1	SANDERSVILLE HALL	CLLR A. MATROOS	16H30
		2	PHIRIHADI SCHOOL	CLLR R. NDAYI	16H30
		3	KEARABETSWE P. SCHOOL	CLLR M. MOFOKENG	16H30
	PARYS	6	MASTER NAKEDI SPORTS	CLLR M. MAGASHULE	16H30
		9	NTSWEPHEPHA P. SCHOOL	CLLR S. MBELE	16H30
04/03/2020 WEDNESDAY	HEILBRON	4	PIANO GROUND	CLLR S. NTEO	16H30
		5	BILLY OPEN SPACE	CLLR M. RAPULENG	16H30
	EDENVILLE	18	N.G. KERK	CLLR M. TOYI	16H30
05/03/2020 THURSDAY	HEILBRON	5	AIPORT	CLLR M. RAPULENG	16H30
	PARYS	7	MBEKI OPEN SPACE	CLLR M. GOBIDOLO	16H30
		10	TSWELOPELE CRECHE	CLLR M. MOFOKENG	16H30
		11	MALINDI OPEN SPACE	CLLR N. THLOBELO	16H30
		11	GREENFIELD	CLLR M. RAPULENG	16H30
10/03/2020 TUESDAY	HEILBRON	11	BOTJHABATSATSI P. SCHOOL	CLLR N. THLOBELO	16H30
		12	AME CHURCH	CLLR A. VREY	16H30
	KOPPIES	13	AHA – SETJHABA SCHOOL	CLLR H. FIELAND	16H30
		16	IPATLELENG P. SCHOOL	CLLR L. SOCHIVA	16H30
		17	KWAKWATSI HALL	CLLR M. TAJE	16H30
11/03/2020 WEDNESDAY	VREDEFORT	8	MONTOELI HALL	CLLR R. KGANTSE	16H30
		14	KINGS MOTEL	CLLR R. MEHLO	16H30
		15	S.S. PAKI HIGH SCHOOL	CLLR M. MOFOKENG	16H30
	PARYS	6	GHADAFFI OPEN SPACE	CLLR M. MAGASHULE	16H30
		7	TAMBO SPORTS GROUND	CLLR M. GOBIDOLO	16H30
12/03/2020 THURSDAY	PARYS	9	BARNARD SCHOOL	CLLR S. MBELE	16H30
		10	MOSEPELI HALL	CLLR M. MOFOKENG	16H30
		12	PARYS SIDE HALL	CLLR A. VREY	16H30
		13	SCHONKENVILLE HALL	CLLR H. FIELAND	16H30

2.5 IDP PARTICIPATION AND ALIGNMENT

Consensus orientated

Good governance requires mediation of the different interests in society. To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and how this can be achieved.

Rule of Law

Rule of law means that legal frameworks are enforced impartially.

The Internal Audit Unit is responsible to ensure impartial enforcement of legal frameworks within the municipality.

COMPONENT D. Corporate Governance

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

2.6 Risk Management

Section 62 of the Municipal Finance Management Act (MFMA), no. 56 of 2003, states that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality.

The Manager Risk Management oversees the risk management process in terms of the following as prescribed by NT Public Sector Risk Management Framework:

Of which the risk management responsibilities include:

- (a) Assisting management to develop the risk management policy, strategy and implementation plan;*
- (b) co-ordinating risk management activities;*
- (c) Facilitating identification and assessment of risks;*
- (d) Recommending risk responses to Management; and*
- (e) Developing and disseminating risk reports.*

Although the Risk management section facilitated the above, management did not take ownership of risks and the mitigation thereof which resulted in failing to coordinate the fourth Risk Management Committee Meeting. Ngwathe Municipality is making progress with risk assessment and risk management processes over the last year. Operational risk assessments were performed on a continuous basis during the 2020/21 financial year, by the departments, as quarterly risk reporting on, amongst others, additional risks, deleted risks, changes to risk data, risks that materialised and risks that should be escalated for intervention was not implemented. The departments also did not discuss the risks on a continuous basis at scheduled executive management and departmental meetings.

(DID NOT HAPPEN FOLLOWING CHALLENGES OF COMMITMENT BY RISK OWNERS)

a) Risk Profile

The annual risk assessment reflected the following change in risk profile:

(Based on the above statement the unit is unable to categorise risks)

Table 29: Risk Profile

2020/21					
Residual %	Risk Categories	Inherent	Inherent %	Residual	Residual %
	High Rated				
	Medium Rated				
	Low rated				
	Total				

b) Top ten risks 2020/21

Top 10 Institutional Risks were reviewed and updated through a collaborative process with support from Provincial Treasury.

The updated list of Top 10 institutional risks are as follows:

Table 30: Top Ten Risks

Ranking	Description
1	High Electricity Cable Theft
2	High Expenditure Patterns
3	Low Revenue
4	Poor Water Quality
5	Weak internal Controls
6	Ageing Infrastructure
7	Distribution loss
8	Outdated maintenance Plans
9	High Litigations
10	Floods

2.7 Anti-Corruption and anti-fraud

"Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury."

Ngwathe Local Municipality has a ***ZERO TOLERANCE*** to Fraud and Corruption and thus has the intent to promote consistent organizational behaviour by providing guidelines and assigning responsibilities for the development of controls and conduction of investigations relating to fraud and corruption. The fraud prevention policy are such documents designed to align Ngwathe Local Municipality to the national priority of combating fraud and corruption. Anti-Corruption and Fraud

Section 62 (1) (c) (i) of the Municipal Finance Management Act (MFMA), no. 56 of 2003, states that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality. Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1)

of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud. In terms of fraud preventative arrangements, Ngwathe Municipality has instituted:

- The promotion of an ethical culture
- Provision of training to employees
- Adoption of a policy on fraud and anti-Corruption
- Provision of physical security for municipal buildings and
- Procedures of employee vetting - executed before employees are appointed
- Procedures of employee vetting - executed before employees are appointed

a) Developed Strategies

Table 31: Strategies: Anti-corruption and Anti-fraud

Name of Strategy	Developed Yes/No	Date Adopted/Reviewed
Fraud Prevention Plan	Yes	Not approved

Internal Audit and Audit Committee

Ngwathe Municipality has a fully functional Internal Audit Unit and a Shared Audit and Performance Committee instituted. Audit Committee has the authority to perform its oversight functions as legislated in section 166 of the Municipal Finance Management Act MFMA).

The audit committee advises the municipal council, the political office- bearers, the accounting officer and the management staff of the municipality on matters relating to:

- internal financial control and internal audits;
- risk management;
- accounting policies;
- the adequacy, reliability and accuracy of financial reporting and information;
- performance management;
- effective governance;
- compliance with the Act, the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- any other issues referred to it by the municipality.

The Audit Committee has the responsibility to review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with the Act, the annual Division of Revenue Act and any other applicable legislation.

The audit committee consisted of the members listed hereunder, and two (1) meeting were held during the 2020/21 financial year. Logistical arrangements were as follows:

Scheduled meetings and attendance

Title	Name	Portfolio	Number of Meetings
Mr	ME. Mohlahlo	Chairperson	0 (Apologies - 2)
Me	N Modisaesi	Member	2 (Apologies – 0)
Mr	GT Banda	Member	0 (Apologies – 2)
Mr	MNG Mahlatsi	Member	2 (Apologies – 0)

During 2020/21 the Audit Committee had (4) members and convened one (1) meetings for the financial year.

Table : Audit Committee Meetings and Attendance

Audit Committee Member		Committee Members Attending	Date of appointment	Audit Committee Meetings Held 2020/21
ME. Mohlahlo	Chairperson	0 (Apologies - 2)	31 May 2017	28 October 2020 (Special Meeting)
N Modisaesi	Member	2 (Apologies – 0)	31 May 2017	28 October 2020 (Special Meeting)
GT. Banda	Member	0 (Apologies – 2)	31 May 2017	28 October 2020 (Special Meeting)
MNG Mahlatsi	Member	2 (Apologies – 0)	31 May 2017	28 October 2020 (Special Meeting)

Anti-Corruption and Fraud

In terms of fraud preventative arrangements, the Ngwathe Municipality has instituted:

1. The promotion of an ethical culture – Conducted workshops informing employees the importance of upholding Code of Conduct of the Municipality
2. Provision of training to employees – Training programs conducted, where Fraud and Corruption information was shared with various departments.
3. Adoption of a policy on fraud and anti-Corruption – Awareness sessions were conducted that requested inputs from various departments for finalization of Fraud Prevention Plan. Inputs were received and the final documents was processed for approval.
4. Provision of physical security for municipal buildings – Physical Securities were appointed in all five towns of the municipality.
5. Procedures of employee vetting - executed before employees are appointed – It has been a challenge to process vetting of employees.

The following arrangements are institutionalizing the detection of fraud:

- Management takes steps against fraudulent actions.
- An Audit Committee approves the Internal Audit Plan

2.8 MPAC Committee

Ngwathe Municipality Oversight Committee, operates as a Municipal Public Accounts Committee (MPAC), consisting of Five (6) members appointed to strengthen and provide oversight within the municipality, in terms of the provision of S79 of the Local Government Municipal Structures Act 117 of 1998. MPAC is a committee of Council and its meeting schedule is therefore developed and managed in such manner.

No	Title	Name & Surname	Portfolio
1	Cllr	Matjhini Toyi	Chairperson
2	Cllr	Victoria De Beer/Mthombeni	Member
3	Cllr	Mosiuwa Mofokeng	Member
4	Cllr	Rebecca Mehlo	Member
5	Cllr	Arnold Schoonwinkel	Member
6	Cllr	Malebo Magashule	Member

The MPAC Committee primary responsibility is to serve as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness.

Equity and Inclusiveness

Society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

OVERVIEW SUPPLY CHAIN MANAGEMENT

MFMA section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

Ngwathe Municipality has a fully functional Supply Chain Unit. The Ngwathe Supplier Database has been updated in terms of supplier information in 2020, as to minimize the risk of supplier duplication.

Transparency

Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.

Rule of Law

Rule of law means that legal frameworks are enforced impartially.

The impartial enforcement of legal frameworks is ensured by Ngwathe Municipality through the adoption and application of municipal policies and bylaws, of which the following have been adopted in 2008

2.9 WEBSITES

MUNICIPAL WEBSITE CONTENT AND ACCESS:

Website Uploads For Community Review and Comments 2020/21

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Website	Yes/No	Publishing Date
Current Annual and adjustment Budgets and all budget related documents	YES	Not Available
All current Budget related policies	YES	Not Available
The previous Annual Report 2019/20	YES	Not Available
The Annual Report (2020/21) published / to be published	YES	Not Available
All current performance agreements required in terms of section 57 (1)(b) of the MSA (2020/21)	YES	Not Available
All service delivery agreements	NO	
All long-term borrowing contracts	NO	
All supply chain management contracts above a prescribed value	NO	
Information statement containing a list of assets over a prescribed value that have been disposed of ito section 14(2)	NO	
Contracts agreed in 2019 to which subsection (1) of section 33 apply, subject to subsection (3)	NO	
Public private partnerships agreements referred to in section 120 made in 2020/21	NO	
All quarterly reports tabled in the council in terms of section 52 (d) during 2020/21	NO	
COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:		

2.10 POLICIES AND BYLAWS

Table : POLICIES AND BYLAWS ADOPTED

HR POLICIES AND PLANS				
	Name of Policy	Completed	Reviewed	Date adopted by Council or comment on failure to adopt
		%	%	
1.	Ngwathe Working Hours Policy	100	0	01/04/2008
2.	Ngwathe Voluntary Separation Policy	100	0	01/04/2008
3.	Ngwathe Use of Policy Manual	100	0	01/04/2008
4.	Ngwathe Use of Mayoral Vehicle and Official Journeys Policy	100	0	01/04/2008
5.	Ngwathe Use of Internet, Computer software and hardware and	100	0	01/04/2008
6.	Ngwathe use of external recruitment agencies Policy	100	0	01/04/2008
7.	Ngwathe Theft and Loss Policy	100	0	01/04/2008
8.	Ngwathe Succession Planning Policy	100	0	01/04/2008
9.	Ngwathe Substance Abuse (Alcohol and Drugs) Policy	100	0	01/04/2008
10.	Ngwathe Subsistence and Travelling Policy	100	0	01/04/2008
11.	Ngwathe Smoking Policy	100	0	01/04/2008
12.	Ngwathe Skills Development Policy	100	0	01/04/2008
13.	Ngwathe Sexual and Racial Harassment Policy	100	0	01/04/2008
14.	Ngwathe Salary advances Policy	100	0	01/04/2008
15.	Ngwathe Resignation Policy	100	0	01/04/2008
16.	Ngwathe Relocation Expenditure Policy	100	0	01/04/2008
17.	Ngwathe Recruitment and Selection Policy	100	0	01/04/2008
18.	Ngwathe Protective Clothing and Uniforms Policy	100	0	01/04/2008
19.	Ngwathe Protected Disclosure Policy	100	0	01/04/2008
20.	Ngwathe Promotion Policy	100	0	01/04/2008
21.	Ngwathe Policy Manual Index	100	0	01/04/2008
22.	Ngwathe Policy Manual Front cover	100	0	01/04/2008
23.	Ngwathe Placement Policy	100	0	01/04/2008
24.	Ngwathe Performance Management Policy	100	0	01/04/2008
25.	Ngwathe Payroll Deductions Policy	100	0	01/04/2008
26.	Ngwathe Overtime Template	100	0	01/04/2008
27.	Ngwathe Organisational Rights Policy	100	0	01/04/2008
28.	Ngwathe Operational Requirements Policy	100	0	01/04/2008
29.	Ngwathe Official Housing Policy	100	0	01/04/2008
30.	Ngwathe Occupational Health and Safety Policy	100	0	01/04/2008
31.	Ngwathe Membership of Professional Societies Policy	100	0	01/04/2008
32.	Ngwathe Medical Examination Policy	100	0	01/04/2008
33.	Ngwathe Medical Aid Policy	100	0	01/04/2008
34.	Ngwathe Long Service Policy	100	100	28/02/2013
35.	Ngwathe Leave policy	100	0	01/04/2008
36.	Ngwathe Leave Encashment Policy	100	0	01/04/2008
37.	Ngwathe Language Policy	100	0	01/04/2008
38.	Ngwathe Job Evaluation Policy	100	0	01/04/2008
39.	Ngwathe Induction Policy	100	0	01/04/2008
40.	Ngwathe Incapacity Policy	100	0	01/04/2008
41.	Ngwathe Housing and Rental Allowance Policy	100	0	01/04/2008
42.	Ngwathe Home Owners Policy	100	0	28/02/2013
43.	Ngwathe HIV AIDS Policy	100	0	01/04/2008
44.	Ngwathe Group Life Policy	100	0	01/04/2008
45.	Ngwathe Grievances Policy	100	0	01/04/2008
46.	Ngwathe Firearms and Dangerous Weapons Policy	100	0	01/04/2008
47.	Ngwathe Extraneous Employment (Moonlighting) Policy	100	0	01/04/2008
48.	Ngwathe Exit Management and Staff Retention Policy	100	0	01/04/2008
49.	Ngwathe Entertainment Policy	100	0	01/04/2008
50.	Ngwathe Employment Equity Policy	100	0	01/04/2008
51.	Ngwathe Employee Use of Assets Policy	100	0	01/04/2008
52.	Ngwathe Employee Assistance and Wellness Policy	100	0	01/04/2008
53.	Ngwathe Disciplinary Code Policy	100	0	01/04/2008
54.	Ngwathe Conflict of Interest Policy	100	0	01/04/2008
55.	Ngwathe Confidentiality of Information Policy	100	0	01/04/2008
56.	Ngwathe Code of Conduct Policy	100	0	01/04/2008
57.	Ngwathe Cellular Phone Policy	100	0	01/04/2008
58.	Ngwathe Career Pathing Policy	100	0	01/04/2008
59.	Ngwathe Bursaries Policies	100	0	01/04/2008
60.	Ngwathe Appointment in an Acting Position Policy	100	0	01/04/2008
61.	Ngwathe Allowances Policy	100	0	01/04/2008

BY-LAWS

By-laws Introduced					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted * (Yes/No)	Date of Publication
Credit Control and Debt Collection By-Law	No	Yes	25 – 29/06/2012	Yes	17 May 2013
Informal settlement	No	Yes	25 – 29/06/2012	Yes	
Control of street vendors, peddlers or Hawkers	No	Yes	25 – 29/06/2012	Yes	
Electricity Supply	No	Yes	25 – 29/06/2012	Yes	
Fire and emergency Services	No	Yes	25 – 29/06/2012	Yes	

COMMENT ON BY-LAWS:

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

CHAPTER 3

ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: MUNICIPAL WORKFORCE

Number of Employees

The following reflects the number of staff per category for the last three financial years:

Table : Staff per category

Category	No of Employees(2018/19)	No of Employees (2019/20)	No of Employees (2020/21)
Legislators, senior officials, and managers	46	31	34
Clerks	316	316	319
Technicians and associate professionals	25	44	44
Craft and related trade workers	44	6	6
Elementary occupations	338	346	346
Total:	769	743	749

Table : Staff Category per Directorate

Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and related Trade Workers	Elementary Occupations
Legislators	19	4	13	1	0	1
Technical & Community Services	546	10	16	9	71	440
Finance	115	7	101	7	0	0
Corporate Services	51	7	13	7	0	24
Municipal Manager Office	16	10	2	4	0	0
Total: 2020/21	747	38	145	28	71	465

Personnel Services form an integral part of the Corporate Services departments and Ngwathe Municipality's service delivery success. Professionalism and operational efficiency is of utmost importance, especially on the management of the department and how it functions. The department is responsible for the key areas discussed below

Employee Wellness Recruitment and Selection

Table : Recruitment and Selection

Category	Target	Actual 2019/20	Target	Actual 2020/21
Africans	N/A	18	N/A	11
Whites	0	0	0	0
Coloured / Asian	0	0	0	0
Employees with Disabilities	0	0		0

Ngwathe Municipality has a Human resources section that drives the Employee Wellness Program attending to employees' social, mental, and physical health needs.

Some of the interventions by the department include:

- Medical check- up
- Financial advices,
- Pre-retirement sessions

The vacancy rate increased to 257 in the 2020/21 financial year.

Table : Vacancies per Job Category

Directorate	Total	Legislators senior officials managers	Clerks	Technicians associate professionals	Craft and related trade workers	Elementary occupations
Technical Services and community services	38	2	9	22	3	2
Chief Financial Officer	45	9	9	02	14	11
Corporate Services	29	8	6	2	8	5
Municipal Manager's Office	2	8	1	1	0	0
Total:2020/21	114	28	25	27	25	18

Employment Equity

The municipality's Employment Equity Policy is designed to:

- Promote equal opportunities and fair treatment to all in the workplace by eliminating unfair discrimination; and
- Implement affirmative action measures to redress the disadvantages in employment experienced by members from designated groups in the past.

The Draft Employment Equity Plan was developed, and the Employment Equity Report submitted 11 January 2020

Table 31: Total Employment Equity Statistics per Directorate as at 30 June 2021

Directorate	African	Coloured	Indian	White	Total	Female	Male
Technical Services and community services	519	10	0	13	543	163	380
Chief Financial Officer	107	0	0	2	109	84	25
Corporate Services	57	0	0	1	58	30	28
Municipal Managers Office	12	1	0	1	14	6	8
Political Office	20	0	0	0	19	2	17
Total: 2021	715	11	0	17	743	285	458

BY-LAWS ADOPTED	COUNCIL RESOLUTION
Advertising	14/12/2016
Impoundment of Animals	14/12/2016
Standard Street Trading By-Law	14/12/2016
Environmental Health by law	14/12/2016
Child care services	14/12/2016
Credit control and debit collection	13/04/2012
Indigent support bylaw	13/04/2012
Property rates	13/04/2012
Water Restriction	13/04/2012
SPLUMA	14/10/2017

Promotions

The information below compares the number of employees that have been promoted during the past three financial years:

Employees at the Ngwathe Municipality are not promoted automatically. All internal employees must apply for posts as advertised.

Pension Funds

The Ngwathe Municipality makes use of the following Pension and/or Retirement Funds:

- SALA Pension Fund
- Consolidated Retirement Fund
- Free State Pension Fund / Provident Fund
- SAMWU Provident Fund
- Municipal Employees Pension Fund

Medical Aid Schemes

Employees are able to choose from the following Medical Aid Funds:

- BONITAS
- HOSMED

- Key Health
- LA Health
- SAMWUMED

Labour Relations

This department has the function of managing labour relations matters and dealing with occupational health and safety in the municipality.(Legal portion)

Table 32: Labour Relations issues recorded/investigated during 2019/20

Labour Relations issue	Number of Cases: 2018/19	Number of Cases 2019 / 20	Number of Cases 2020 / 21
Misconduct	2	6	0
Dismissals	0	0	1
Suspensions	0	4	0
Total Cases	2	6	1

Occupational Health and Safety

The department is also responsible to ensure that operations and activities within the municipality comply with the provisions of the Occupational Health and Safety Act, 1993 as well as the different Regulations promulgated in terms of the said Act. Incident/accident investigations are conducted promptly in order to determine in respect of which activities work instructions and safe work procedures should be developed and implemented, to prevent the reoccurrence of incidents in the workplace. Furthermore, Health and Safety Committee Meetings are arranged on a monthly basis to address all health and safety issues raised at such meetings.

Table: Incidents/accidents recorded and/or investigated during 2020/21

Directorate		Personal injury	Disease	Death
Technical Services		5	0	3
Community Services		2	0	0
Corporate Services		0	0	1
Municipal Manager's Office		0	0	0
Total 2020/21		0	0	1
Number and period of suspension				
Position	Nature of suspension	Days of suspension	Details of disciplinary action taken or status of case and reasons why not Finalised	Date finalised
Corporate	With pay	6 months	Covid /Change in personnel	Not yet final

Technician	With pay	5 months	DC to follow	N/A
Finance	With pay	5 months	Hearing still to proceed	N/A

Disciplinary action taken on cases of financial misconduct			
Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalised
None	None	None	N/A

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 57 Performance Evaluation

The performance evaluation for Section 57 managers forms the basis for evaluating performance in relation to set targets as outlined in the signed performance agreements of executive managers. Performance evaluation takes place on a quarterly basis and reported to the Mayor.

Improved Performance Management

The municipality adopted a Performance Framework within the organization, to date only officials appointed in terms of section 56 and section 57 are measured for performance against signed performance agreement.

Implementation and monitoring thereof will be a targeted and continued focus in 2021/22 Financial year.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Skills Development & Training

As prescribed by legislation, the combined Workplace Skills Plan (WSP) was compiled through the process of skills audit and submitted on 30 April 2021

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Creation of skills development opportunities for the Councilors, Employees and Communities. To conduct and update the credible skills audit and compile the Workplace Skills Plan (WSP). To implement the WSP in the form of skills programs, Learnerships, Artisanship, Internships and Bursaries

For the year under review (2020/21), Ngwathe Municipality has trained 70 employees. Including 15 internship program, Bursary allocated 08 Councillors and 05 Officials

Table : Training per Job Category:

Directorate	Total	Senior Officials and Managers	Clerks	Technicians	Craft and Related Trade Workers & interns	Elementary Occupations	Councillors
Technical Services	15	2	0	0	0	13	0
Finance	4	2	2	0	0	0	0
Corporate Services	16	5	5	0	0	6	0
Community services	8	6	2	0	0	0	0
MM Office	5	5	0	0	0	0	0
Office of Speaker	1	1	0	0	0		0
Office Of Mayor	5	2	3	0	0	0	0
Total:2020/21	49	21	12	0	0	19	0

Skills Development Budget

The information below indicates the quantum of municipal budget allocated to skills development and the percentage spent

Table: Skills Development Budget against Expenditure

Financial Year	Budget	Expenditure
2020/21	1.210,767.00	580,866,92

MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493, dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, in collaboration with various stakeholders and role players in the local government sphere, developed an outcome-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

No training took place, Covid 19 Regulations for the year under review.

Financial Competency Development: Progress Report				
Description	Total number of officials employed i.t.o. Regulation 14(4)(a) and (c)	Competency assessments completed i.t.o. Regulation 14(4)(b) and (d)	Total number of officials whose performance agreements comply with Regulation 16 Regulation 14(4)(f)	Total number of officials that meet prescribed competency levels i.t.o. Regulation 14(4)(e)
Financial Officials				
Accounting Officer	1	Competent	1	1
Chief Financial Officer	1	Competent	1	1
Director Corporate Services	1	Competent	1	1
Director Community Services	1	Competent	1	1
Director Technical Services	1	Competent	1	1
Senior Managers	5	Competent	5	5
Any other financial officials	42	Competent	N/A	N/A
Supply Chain Management Officials				
Head of Supply Chain Management Unit	1	Competent	N/A	N/A
Supply Chain Management Senior Managers	1	Competent -	N/A	N/A
TOTAL	49	Competent	5	5

Table: below provides details of the financial competency development progress as required by the notice:

Learnerships

A total of 20 (unemployed) learners were recorded to have received training through learnerships in 2020/21.

Table : Bursaries per Directorate

Directorate	Number of Beneficiaries 2018/19	Number of Beneficiaries 2019/20	Number of Beneficiaries 2020/21
Technical Services	1	10	0
Chief Financial Officer	2	0	1
Corporate Services	0	0	1
Municipal Manager's Office	1	0	1
Mayoral Office	1	0	1
Speakers Office	5	0	5
Total	10	10	9

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

PERSONNEL EXPENDITURE

Table : Trends of Personnel Expenditure compared to Operating Expenditure: 2020/21

Financial Year	Salaries	Expenditure	Percentage
Employee related cost	250 776 140	949 524 960	26%
Councilors	15 492 512	949 524 960	2%
Total			28%

CHAPTER 4

ANNUAL PERFORMANCE REPORT

SECTION 46 REPORT 2020/21

OFFICE OF THE MAYOR															
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
IDP 001	Municipal Transformation	Celebrate national and local days of importance / commemoration; Human Right's Day, Worker's / May Day, Youth Day, Flower Festival, Mandela Day	Number of national and local days of commemoration celebrated	8	3	0	3	0	3	2	1	1	Programs / Invitations & Attendance Registers	8	
IDP 002	Radical Social and Economic Development	Create HIV and AIDS Awareness - Planning and launching of Ward/Local /District HIV and AIDS Councils / Launch Men's Dialogue program	Number of awareness programs launched	4	2	1	2	2	1	2	1	1	Programs / Invitations & Attendance Registers	4	
IDP 003	Good governance and Public Participation	Communicate municipal information with public by conducting radio and newspaper interviews	Number of Radio and Newspaper interviews conducted by Mayor	4	4	1	1	1	1	1	1	1	Interview Schedule (One per Quarter)	4	
IDP 004	Radical Social and Economic Development	Initiate quarterly social support programs to poverty stricken communities; Bursary support, food parcels and rural sports programs	Number of social support programs launched to address poverty in identified communities	4	2	N/A	N/A	N/A	N/A	N/A	1	2	Programs / Invitations & Attendance Registers	4	

IDP 005	Municipal Transformation and Organisation Development	Initiate Women and Children's Rights programs	Number of Women and Children Rights programs launched	2	2	N/A	N/A	N/A	N/A	N/A	1	N/A	Programs / Invitations & Attendance	2	
IDP 006	Radical Economic Transformation	Initiate Youth development and Empowerment programs in Ngwathe	Number of Youth Empowerment programs launched	4	5	5	2	5	2	5	1	2	Programs / Invitations & Attendance 0Registers	4	
IDP 007	Municipal Transformation and Organisation Development	Initiate Disabled Indaba	Number of Disabled Indabas launched	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	Programs / Invitations & Attendance Registers	0	
IDP 008	Good Governance	Compile and submit Communication Strategy to MAYCO for approval by end September 2019	Communication Strategy submitted to MAYCO for approval by end September 2019	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	MAYCO Minutes	0	
IDP009	Good Governance	External and Internal Newsletters compiled and issued	Number of external and internal newsletters issued (12 external and 12 internal) by 30 June 2020	24	12	6	6	6	6	6	6	4	Programs and invitation	0	

***N/A** – Not Applicable – Meaning there is no target set for the quarter

OFFICE OF THE SPEAKER															
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End of June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
IDP 010	Good governance & Public Participation	Facilitate regular meetings for All stakeholders i.e. Civics, NGOs, CBOs	Number of stakeholder meetings held for all wards	216	54	34	54	34	54	34	54	23	Programs/ Invitations & Attendance Registers	216	
IDP 011	Good governance & Public Participation	Facilitate workshop to assist with development of ward plans for all Ward Committees	Number of workshops held	1	1	0	N/A	N/A	N/A	N/A	1	0	Programs/ Invitations & Attendance Registers	1	
IDP 012	Good governance & Public Participation	Launch and sign-off all Ward Based Plans	Number of ward based plans signed-off	18	2	0	N/A	N/A	N/A	N/A	1	0	Program readily available	0	
IDP 013	Good governance & Public Participation	Schedule and facilitate monthly Ward meetings in all Wards	Number of ward meetings held	216	54	54	54	54	54	54	54	54	Programs/ Invitations & Attendance Registers	216	
IDP 014	Good governance & Public Participation	Facilitate the Best Ward Committee Awards ceremony	Number of Best Ward Committee Awards ceremony	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	Programs/ Invitations & Attendance Registers	New KPI	
IDP 015	Good governance & Public Participation	Develop and Launch a Citizen Charter after consultation with all Sectors of Community	Number of Citizen's Charter developed and Launched	2	1	0	N/A	N/A	N/A	N/A	N/A	N/A	Programs/ Invitations & Copy of Citizen Charter	New KPI	

***N/A** – Not Applicable – Meaning there is no target set for the quarter

OFFICE OF THE MUNICIPAL MANAGER															
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
IDP 016	Good Governance	Audit Committee meetings	No of Audit committee meetings	3	N/A	N/A	1	1	1	1	1	0	Minutes of the Audit committee meeting	3	
IDP 017	Good Governance	Review and approval of internal audit strategic documents by the audit committee: 2020/21	Risk based audit plan approved by September 2020	100%	N/A	N/A	N/A	N/A	100%	%	N/A	N/A	Register of Council Resolutions	100%	
IDP 018	Good Governance	Audit committee reporting to council	% of Audit committee reporting to council and council taking into account its report	100%	100%	N/A	100%		100%		N/A	N/A	Complaints Register	100%	
IDP 019	Good Governance	Submit an Audit Action plan to address issues raised by the Auditor general by 31 January annually	Audit Action plan submitted	1	1	N/A	1	N/A	1	N/A	1	N/A	Incidents Register	0	
IDP 020	Good Governance	Monitor the implementation of all Mayco and Council resolutions	No of Mayco and council resolution reported	100%	100%	50%	100%	50%	50%	50%	25%	25%	Registers of council resolution	100%	
IDP 021	Good governance	Review and submit risk management charter	1X Risk Management charter.	1	1	N/A	1	N/A	N/A	N/A	N/A	N/A	Approved Risk Management charter.	1	

IDP 022	Good Governance	Develop Risk Management implementation plan	1 x Risk management implementation plan by 31 August 2020	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Apppproved implemntatio n plan minutes of the meeting	New KPI	
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OFFICE OF THE MUNICIPAL MANAGER															
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
IDP 023	Good governance	Develop and submit the section 46 report and oversight report to council in terms of the Local Government : Municipal Systems Act , No 32 of 2000	# of section 46 report and oversight report submitted to council	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Council Agenda and /or Minutes of the meeting	2	
IDP 024	Good governance	Develop and submit Risk and compliance meeting schedule	1 X meeting schedule	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Approved meeting schedule	1	
IDP 025	Good governance	Coordinate risk and compliance meeting	4 X Risk and compliance management committee meeting by June 2021	4	1	1	1	1	1	1	1	N/A	Invitations , minutes of meetings and attendance registers quarterly reports	1	
IDP 026	Good Governance	Review risk management strategy, risk management policy and fraud prevention policy	3 X reviewd risk management strategic documents by September 2020	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Minutes of the meetings	3	
IDP 027	Good Governance	Conduct awareness workshop of risk management ,fraud, theft and corruption cases	Bi- Annual awareness workshop for employees (all towns) by June 2021	2	1	0	0	0	0	0	1	0	Council Minutes	New KPI	

*N/A – Not Applicable – Meaning there is no target set for the quarter

OFFICE OF THE MUNICIPAL MANAGER															
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/2020 Target	2019/20 Actual
IDP 028	Good Governance	Conduct Risk Assessment	1 X Risk Assessment	1	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	Invitations , attendance registers, presentation slides and risk assessment report	1	
IDP 029	Good governance	Develop and submit risk assessment register.	1 x Consolidated Risk Register	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Minutes of the meeting, attendance register	New KPI	
IDP 030	Good governance	To develop and monitor compliance checklists	1 X Approved compliance checklist	10	5	3	N/A	N/A	5	3	1	0	Compliance status report	New KPI	
IDP 031	Municipal Transformation & Institutional Development	Strategic Annual Stakeholder Consultation	No. of Wards and stakeholder engagements held annually (18 wards & 4 stakeholder meetings)	20	20	0	20	0	20	0	1	0	Attendance register	40	
IDP 032	Institutional Development	Submit the mid-year S72 report to the Mayor	Number of Mid-Year reports submitted to the Mayor by 25 January 2021	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Proof of submission to the Executive Mayor	1	100%
IDP 033	Sound Financial Management	Raise/Collect operating budget revenue as per approved budget	90% of total operating budget revenue raised/ received by 30 June 2021	90%	40%	50%	40%	50%	40%	50%	25%	25%	Section 71	90%	1

IDP 034	Institutional and Development & Building Capacity	Performance Management Assessment held	Number of performance assessment held by 30 June 2021	2	1	0	1	0	1	0	1	0	Performance assessment report	1	2
IDP 035	Good Governance	Submit the IDP/ Budget Schedule to Council by 31 August	IDP/Budget Schedule submitted to council for approval by 31 August 2020	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Council agenda and/or minutes of meeting	New KPI	
IDP 036	Good Governance	Development and Submit the draft and final IDP to council for approval by 31 March 2021 and 31 May 2021 respectively	Council approved Draft and Final IDP by end March and end May 2021	1	N/A	N/A	N/A	N/A	N/A	N/A	1	0	Council agenda and/or Minutes of meeting		2
IDP 037	Sound Financial Management	Operational conditional grant spending measured by percentage spent	Percentage of grant spent i.t.o Budget allocations	95%	45%	45%	45%	45%	45%	45%	95%	70%	Section 52(d) Reports	95%	
IDP 038	Sound Financial Management	The percentage of the municipality capital budget actually spent on capital projects by 30 June 2020 {(Actual amount spent on projects/Total amount budgeted for capital projects) X 100} as at 30 June 2021	% of municipality's capital budget spent on capital projects identified in the IDP for 2020/2021 FY	95%	N/A	N/A	N/A	N/A	N/A	N/A	95%	95%	Section 52(d)	95%	
IDP 039	Good Governance	Submit to the Mayor a draft SDBIP for the budget by no later than 14 days after the approval of the annual budget in terms of Local Government: Municipal Finance Management Act, No. 56 of 2003	Top Layer SDBIP approved within 28 days after the main Budget has been approved	1	1	1	1	1	1	1	N/A	N/A	Approved SDBIP	1	
IDP 040	Good Governance	Implementation of performance Management framework by timeous development and signing of section 56 and 57 performance agreements in terms of Local Government; Municipal System Act, No. 32 of 2000	Number of signed performance agreements of 57 managers within 14 days of approval of SDBIP	5	5	5	5	5	5	5	N/A	N/A	Signed performance agreements	5	

IDP 041	Good Governance	Develop and submit Quarterly Section 52(d) report to council for approval	Section 52(d) report submitted to Council	4	2	1	2	1	2	1	1	0	Council Agenda and/or minutes of meeting	4	
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CORPORATE SERVICES															
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
IDP 042	Good Governance	Council effective functioning measured by the annual number of ordinary scheduled council meetings held	Number of ordinary scheduled council meetings held per annum	10	5,0	5,5	5,0	5,5	5,0	5,5	2,5	7	Council agenda and/or minutes of council	100%	100%
IDP 043	Institutional Development & Building Capacity	Initiate an Organisation Structure review for approval by Council aligned with departmental analysis, Task analysis, Powers & functions	Reviewed Organisational Structure	1	-	-	-	-	-	-	1	1	Report on Reviewed organisational structure	New KPI	
IDP 044	Institutional Development & Building Capacity	Review policies and by-laws	100% of policies and by-laws reviewed by 30 June 2020	100%	50%	50%	50%	50%	50%	50%	25%	20%	Policies under review	New KPI	
IDP 045	Good Governance	Participation in formal District and Provincial meetings	100% of attendance of formal district and provincial meetings by 30 June 2021	100%	50%	55%	50%	55%	50%	55%	25%	25%	Attendance registers	80%	45%
IDP 046	Institutional Development & Building Capacity	Number of people from EE target groups employed in three highest levels of management in compliance with municipality's approved EE Plan	Report on number of people from employment equity groups employed in three highest levels of management submitted to OMM 30 June 2020	1	-	-	-	-	-	-	1	1	Report to council on EE Plan	100%	100%
IDP 047	Municipal Transformation and organisational development	Spent Training budget to develop skills of staff	85% of training budget spent by 30 June 2021	90%	40%	40%	40%	40%	30%	45%	1	1	Report to council on EE Plan	1	1
IDP 048	Institutional Development	Draft and submit to Council a Scarce Skills Policy	Scarce Skills policy submitted to council	1	-	-	-	-	-	-	1	1	Report of submission	1	1

	ment & Building Capacity		for approval by 30 June 2020										n to council		
IDP 049	Institutional Development & Building Capacity	% of municipality budget actually spent on implementation of WSP The percentage of Municipality's personnel budget, 1% (r250M) actually spent on implementing its workplace skills plan by 30 June 2021	1% of personal budget municipality spent on implementation of WSP % of municipality's personnel budget actually spent on implementing its workplace skills plan as at 30 June 2021	1%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,2%	0,2%	Report to Council on WSP	New KPI	

													submitted to Council for approval		
IDP 050	Institutional Development & Building Capacity	Develop a policy of time and attendance and a system and Procedures/Mechanism to manage time and attendance of all employees	A policy and a system developed of time and attendance	1	1	0	1	0	1	0	1	1	Report on time and attendance policy and system	1	1
IDP 051	Institutional Development & Building Capacity	Directorates to report monthly for a compilation of council report on the filling of organisation-wide vacancies	Monthly report of organisation-wide vacancies status	12	6	4	6	4	6	4	3	3	Council Report on the status of vacancies in the institution	0	
IDP 052	Institutional Development & Building Capacity	Develop and submit department standard operating procedures to management for approval by 30 November 2020	Develop and submit department standard operating procedures to municipal manager for approval by 30 December 2020	5	3	2	3	2	3	2	1	2	Minutes of Management meeting	0	
IDP 053	Institutional Development & Building Capacity	Develop by all directorates and present standard operating Procedure Register to the MM approval 30 April 2021	Organisational Register of standard operating procedures	1	2	2	2	2	2	2	1	1	Council minutes on the register developed	New KPI	1

A – Not Applicable – Meaning there is no target set for the quarter

FINANCIAL SERVICES															
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
IDP 054	Sound Financial Management	Submit Financial Plan for inclusion in IDP for approval by Council by 31 March (Draft) and final approval by 31 May 2020	Financial Plan approved by Council by 31 March and 31 May 2020	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	Council Agenda and/or minutes of meeting	New KPI	1
IDP 055	Sound Financial Management	Submit MTREF aligned to IDP to Council for approval 31 March and final 31 May 2020	MTREF approved by Council by end March and end May 2020	2	N/A	N/A	N/A	N/A	N/A	N/A	1	1	Council Agenda and/or minutes of meeting	2	2
IDP 056	Sound Financial Management	Submit Adjustment Budget to Council for approval by 28 February	Adjustment Budget submitted to Council by 28 February 2020	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Council Agenda and/or minutes of meeting	1	1
IDP 057	Sound Financial Management	Compile Capital Project Implementation Plan and submit to MM for approval by 30 June 2020	Capital Project Implementation Plan developed and submitted to MM by end June 2020	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	Proof of Submission to MM (Acceptance letter / signature)	1	1
IDP 058	Sound Financial Management	GRAP Compliant Fixed Asset Register as at 30 June 2020	Compilation of GRAP compliant Fixed Asset Register as at 30 June 2020	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	GRAP Compliant Fixed Asset Register	1	1
IDP 059	Sound Financial Management	Collect all Billed Revenue to ensure sufficient cash is generated to meet Ngwathe Debt and Operating commitments as per Section 71 report to Municipal Manager	Increase collection rate on municipal service charges up to 70% against the billing	12	6	0	6	0	6	0	3	3	Section 71 Report	12	12

IDP 060	Sound Financial Management	Disclose in Annual Financial Statements all monthly reported deviations condoned by Council	Disclose in Annual Financial Statements all monthly reported deviations condoned by Council	1	1	0	1	0	1	0	N/A	N/A	Annual Financial Statements	1	1
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FINANCIAL SERVICES															
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
IDP 061	Sound Financial Management	Annual Financial Statements submitted by 31 August 2020	AFS submitted by 31 August 2020	1	1	0	1	0	1	0	N/A	N/A	Acknowledgem ent of receipt of AFS by AG	1	1
IDP 062	Sound Financial Management	Financial viability measured in terms of available cash to cover fixed operating expenditure	Report on Cost coverage ratio (Available cash + investments)/Month ly fixed operating expenditure)	1	1	0	1	0	1	0	N/A	N/A	Annual Financial Statements	0	1
IDP 063	Sound Financial Management	Update Indigent Register	100% of all qualifying indigent applications processed by 30 June 2020	100%	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	Annual Financial Statements		100%
IDP 064	Sound Financial Management	(Report quarterly to council on the) Provide Free Basic Services to all indigents	Report by 30 June on % of HH earning less than 2Xsocial grants plus 25% per month with access to free basic services	4	2	2	2	2	2	2	1	1	Council Agenda and/or minutes of meeting	1	12
IDP 065	Sound Financial Management	Number of formal residential properties that receive piped water, electricity (excluding Eskom areas), waste water sanitation/sewerage, (credit and pre-paid water) that is connected to municipal water, electricity infrastructure network, including refuse removal once per week and billed for service as at 30 June 2021	Number of formal residential properties which are billed for water or have pre-paid meters as at 30 June 2021	12	6	6	6	6	6	6	3	3	Billing Report	12	12
IDP 066	Sound Financial Management	Provide free basic services; water, electricity, sanitation	Report on % of HH earning less than 2Xsocial grant plus	12	6	6	6	6	6	6	3	3	Billing Report	1	

FINANCIAL SERVICES															
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
		and refuse removal to indigent households	25% per month with access to FBS												
IDP 067	Institutional Development & Building Capacity	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2020	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2020	1	1	0	1	0	N/A	N/A	1	0	Agenda and/or Minutes of management & Portfolio Committee meetings	New KPI	1
IDP 068	Good Governance	Achieve Improved Audit Opinion for 2019/20 FY	Improved Audit Opinion achieved for 2019/20 Financial Year	1	1	0	1	0	1	0	N/A	N/A	Audit Outcome Letter	New KPI	1

***N/A – Not Applicable** – Meaning there is no target set for the quarter

TECHNICAL SERVICES

IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2020/19	Year to Date as at End June 2021										
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual
IDP 069	Basic Services and Infrastructure	90% compliance to general standards with regard to waste water outflow by 30 June	90% compliance to general standards by 30 June 2021	90%	-	-	-	-	-	-	90%	0%	Certificate of analysis from laboratory	New KPI	90%
IDP070	Basic Services and Infrastructure	Spend 96% of capital budget for fleet/equipment by 30 June	96% of Capital Budget Spent by 30 June	96%	-	-	-	-	-	-	96%	0%	Report	96%	96%
IDP071	Basic Services and Infrastructure	Limit Electricity losses to less than 50% annually (preceding 11months+reporting month's units purchased)	% Average electricity losses by 30 June	50%	50%	50%	50%	50%	50%	50%	50%	0%	Report	50%	50%
IDP072	Basic Services and Infrastructure	Implement all electricity capital projects measured quarterly in terms of approved Electricity Capital Budget spent	96% of approved Capital Budget spent by 30 June	96%	-	-	-	-	-	-	96%	96%	Report.	96%	

TECHNICAL SERVICES

TECHNICAL SERVICES																
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021											
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2018/19 Target	2019/20 Actual	
IDP073	Basic Services and Infrastructure	Implement all Roads, Storm water infrastructure capital projects measured quarterly in terms of approved Capital Budget spent	96% of approved Capital Budget spent by 30 June	96%	20%	0%	40%	100%	100%	96%	96%	100%	Report	96%		

TECHNICAL SERVICES

TECHNICAL SERVICES																
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Year to Date as at End June 2021											
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual	
IDP 074	Basic Services and Infrastructure	Upgrading of 1km paving internal road and storm water channels in Schonkenville (MIS: 268924)	5% of approved capital budget spent by 30 June 2021	5%	-	-	-	-	-	-	5%	5%	Retentio n stage	96%	5% (5% Retention Amount)	
IDP 075	Basic Services and Infrastructure	Construction of a low level bridge in Ward 18, Edenville	5% of approved capital budget spent by 30 June 2021	96%	-	-	-	-	-	-	5%	5%	Retentio n stage	96%		

TECHNICAL SERVICES

IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2020/21	Year to Date as at End June 2021											
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual	
IDP076	Basic Services and Infrastructure	Upgrading of 1km paving internal road and storm water channels (ward 13), in Tumahole	5% of approved capital budget spent by 30 June 2021	5%	-	-	-	-	-	-	5%	5%	Retentio n Stage	5%		
IDP077	Basic services and infrastructure	Upgrading of 1km paved internal access road and storm water channel in ward 18, Edenville	5% of approved capital budget spent by end June 2021	5%	-	-	-	-	-	-	5%	5%	Last payment certificate with close out report	5%		
IDP078	Basic Services and Infrastructure	Construction of low- level bridge in ward 1, Phiritona	50% of the approved capital budget spent by end June 2021	50%	-	-	-	-	-	-	50%	15%	Project report and payment certificate	50%		
IDP079	Basic Services and Infrastructure	Spend 96% of approved Capital Budget on rehabilitation of streets (Pot-hole fixing) (Actual expenditure and commitments divided by approved Capital Budget)	96% of approved Capital Budget spent by 30 June	96%	-	-	-	-	-	-	96%	40%	Partially Achieved	96%		
IDP080	Basic Services and Infrastructure	Implement all Water Services Infrastructure capital projects measured quarterly in terms of approved Capital Budget Spent	96% of approved Capital Budget spent by 30 June	96%	-	-	-	-	-	-	96%	0%	Report	96%		

IDP081	Basic Services and Infrastructure	Installation of 1093 residential water meters and 13 bulk water meters in Phiritona	# of meters installed	1093 residential & 13 bulk meters	400 water Meters & 3Bulk meters	400 water Meters & 3Bulk meters	400 water Meters & 3Bulk meters	400 water Meters & 3Bulk meters	400 water Meters & 3Bulk meters	400 water Meters & 3Bulk meters	493 water Meters & 4 Bulk meters	493 water Meters & 4 Bulk meters	MIG Implementation Plan with the exact monthly expenditure with progress report		
IDP082	Basic Services and Infrastructure	Installation of 2000 residential water meters and 15 bulk water meters in Phiritona	# of meters installed	2000 residential & 15 bulk meters	1000 Residential Meters & 3 Bulk Meters	500 Residential Meters & 3 Bulk Meters	500 Residential Meters & 3 Bulk Meters	500 Residential Meters & 3 Bulk Meters	500 Residential Meters & 3 Bulk Meters	500 Residential Meters & 3 Bulk Meters	500 Residential Meters & 3 Bulk Meters	500 Residential Meters & 3 Bulk Meters	MIG Implementation Plan with the exact monthly expenditure with progress report	71% of the available budget the project (R 6,376,462.22)	
IDP083	Basic Services and Infrastructure	% completion of extension on the Water Treatment Plant in Vredefort – Phase 1	% completion/budget spend	96%	44%	130%	44%	130%	44%	130%	96%	80%	The project is at Design and Tender stage. Advert and Design Report	96% of the available budget the project	
IDP084	Basic Services and Infrastructure	Refurbishment of Koppies WTW and Construction of clear water pump station	% completion /budget spend	92%	44%	175%	44%	175%	44%	175%	92%	100%	RBIG Implementation plan for exact monthly expenditure with progress report	92% of the available budget the project	

TECHNICAL SERVICES

IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Year to Date as at End June 2021											
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual	
IDP085	Basic Services and Infrastructure	Construction of pipeline from Koppies to Edenville	% completion/budget spend	19%	15%	15%	15%	15%	15%	15%	N/A	19%	Project report	19% of the available budget the project		
IDP086	Basic Services and Infrastructure	Implement all Waste Water Services infrastructure capital projects measured quarterly in terms of approved Capital Budget Spent	96% of capital budget spent by 30 June	96%	60%	60%	60%	60%	60%	60%	60%	96%	96%	Project Report	96%	
IDP087	Basic Services and Infrastructure	Construction of Tumahole Outfall Sewer	% completion	30%	30%	120%	30%	120%	30%	120%	N/A	N/A	Implementa tion plan and Progress report	30% of the available budget the project		
IDP088	Basic Services	Construction of Koppies Outfall Sewer	% of budget spend	2.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Retention stage to be paid out in the 3rd Quarter	2.5% of the available budget the project		
IDP089	Basic Services	Conduct Water Quality Management in Parys	% of budget spend	100%	60%	200%	60%	200%	60%	200%	100%	100%	Project Report	100% of the available budget the project		

IDP090	Basic Services	Conduct Water Demand and Water Conservation Management in Parys	% of budget spend	100%	60%	200%	60%	200%	60%	200%	100%	100%	Project Report	100% of the available budget the project	
IDP091	Basic Services	Conduct Water Quality Management in Koppies	% of budget spent	100%	60%	200%	60%	200%	60%	200%	100%	100%	Project Report	100% of the available budget the project	
IDP092	Basic Services	Water Demand and Water Conservation Management in Koppies	% of budget spend		100%	60%	100%	60%	60%	100%	100%	100%	Project Report	100% of the available budget the project	
IDP093	Basic Services	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2020	# of Standard Operating Procedures approved	4	4	4	4	4	4	4	-	-	Minutes of Management & Portfolio Committee meetings	1	
IDP094	Basic Services	Implement all solid waste infrastructure capital projects measured quarterly in terms of approved capital budget spent	96% of capital budget spent by 30 June 2021	96%	40%	44%	40%	44%	40%	44%	96%	96%	Report	96%	

*N/A – Not Applicable – Meaning there is no target set for the quarter

COMMUNITY SERVICES																
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Year to Date as at End June 2021											
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Proof of Evidence	2019/20 Target	2019/20 Actual	
IDP 095	Institutional Development & Building Capacity	Review the Spatial Development Framework and submit to council by 30 March 2021	Reviewed Spatial Development Framework submitted to Council by 30 March 2021	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Council Minutes	1		
IDP 096	Institutional Development & Building Capacity	Develop and submit Integrated Human Settlement Plan to Council for approval by 30 June 2021	Developed and submitted Integrated Human Settlement Plan to Council for approval 30 June 2021	1	1	N/A	N/A	N/A	N/A	N/A	1	0	Council Minutes	1		
IDP 097	Local Economic Development	Review the LED Strategy and submit to Council by 31 March 2021	Review LED Strategy submitted to Council for approval by 31 March 2021	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Minutes of Management & Portfolio Committee meetings	1		
IDP098	Local Economic Development	4 Tourism awareness campaigns conducted by 30 June 2021	Number of tourism awareness campaigns conducted	4	N/A	N/A	N/A	N/A	N/A	N/A	2	0	Council Minutes	New KPI		
IDP099	Deliver Basic Services	Conduct scheduled refuse removal services to all formal and informal housing areas throughout Ngwathe at least once per week	Number of formal and informal Households whose refuse was removed at least once per week	37102	37102	37102	37102	37102	37102	37102	37102	37102	Work Schedules of Refuse Removal Sections signed-off	37102		

IDP100	Delivery of Basic Services	Illegal dumping sites removed	Number of Quarterly reports submitted	4	2	2	2	2	2	2	1	1	Reports with photos		
IDP101	Delivery of Basic Services	Parks maintained	Number of quarterly reports submitted	1	1	0	1	0	2	2	1	1	Reports		
IDP102	Delivery of Basic Services	Development of the Landfill sites maintenance plan	Development of the Landfill site maintenance plan	1	1	0	1	0	1	0	N/A	N/A	Maintenance plan signed off		
IDP103	Access to basic services	Review the Disaster Management Plan by 30 June 2021	Review the Disaster Management Plan submitted to Council by 30 June 2021	1	1	N/A	N/A	N/A	N/A	N/A	1	0	Council Minutes		
IDP104	Access to basic services	4 quarterly Fire, Rescue & Disaster Management reports indicating services rendered in various towns across the Municipality by 30 June 2021.	Number of quarterly Fire, Rescue & Disaster Management reports indicating services rendered in various towns	4	2	2	2	2	2	2	1	0	Reports		

IDP105	Local Economic Development	Coordinate 4 sports activities in collaboration with the relevant stakeholders – provincial/National Departments of Sports, Arts, Culture and Recreation by 30 June 2021	Coordinate 4 sports activities in collaboration with the relevant sector departments and stakeholders	4	N/A	N/A	N/A	N/A	N/A	N/A	2	0	Report with pictures		
IDP106	Local Economic Development	1 rural sports programme in collaboration with the relevant sector departments and stakeholders by 30 June 2021 in collaboration with the provincial Departments of Sports, Arts & Culture by 30 June 2021	1 rural sports programme in collaboration with the relevant sector departments and stakeholders	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Report with pictures		
IDP107	Basic Services	4 Municipal Planning Tribunal (MPT) meetings/sitting by 30 June 2021	The number of MPTs meeting/sittings held	4	2	1	2	1	2	1	1	1	Minutes		
IDP108	Basic Services	Development of approved Building plan register	Quarterly reports on number of building plans approved	1	-	-	-	-	-	-	1	1	Quarterly reports on building plan register		
IDP109	Institutional Development & Building Capacity	Develop and submit department Standard Operating Procedures to the Accounting Officer approval by 30 September 2020	Develop and submit department Standard Operating Procedures to Accounting Officer approval by 30 September 2020	5	1	0	1	0	1	0	N/A	N/A	Minutes of Management & Portfolio Committee meetings		

IDP110	Basis Services	Community Safety meeting/sitting	Number of Community Safety meetings held	4	2	1	2	1	2	1	1	1	Attendance register and Agenda		
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***N/A** – Not Applicable – Meaning there is no target set for the quarter

CHAPTER 5

FINANCIAL PERFORMANCE

AFS

REPORT OF THE CHIEF FINANCIAL OFFICER - AUDITED ANNUAL FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2021

Introduction

The office of the Chief Financial Officer is responsible for compiling and preparing the financial statements that fairly present the state of affairs of the municipality in line with Municipal Finance Management Act No. 56 of 2003, sec. 122 and any other guidelines issued by National Treasury and Accounting Standard Board.

In this regard, the municipality aspires to be a leading municipality and thereby ensuring that it continues with sustainable service delivery while remaining financially viable. The 2020/2021 financial year results are in part the outcome of its early pursuit of the reforms.

Key performance areas:

- Development and implementation of revenue enhancement revenue strategy to ensure maximise revenue collection to ensure,
- To effectively manage finance and improve financial sustainability,
- To ensure that the budget and expenditure controls are in place and are effective,
- Improve Audit outcome,
- Administer Financial Management Support Services;
- Manage Council's Financial Management Policies and Procedures;
- Ensure full compliance with Generally Recognised Accounting Practices;
- Ensure compliance to the Municipal Finance Management Act and other legislative requirement;
- Ensure compliance with supply chain management processes and procedure
- Ensure smooth transition on implementation of Municipal Standard Chart of Account;

Current year

The office of the Chief Financial Officer strives towards a long-term relationship with customers (rates payers), business association, non-profit organisation, local municipality and other government department by providing high-level service within the municipality. In doing so, it is required of its staff members to act professionally, honestly and with integrity when discharging their duties.

- The management team maintains an active role in projects and administration, enabling swift decisions and a higher commitment to service delivery;
- The office conducts itself in compliance with the Municipal Finance Management Act and other relevant pieces of legislation.

The year ahead

In the coming financial year, it is anticipated that the financial operations will be improved to ensure improved audit outcome, the programme of action to sustain and improve the Auditor-General's management report findings includes amongst others:

- Filling of the critical vacancy with competent staff,
- Training of staff on assets management, value added tax act, revenue management, expenditure management and development of procedure manual relating to ensure full compliance with Act,
- Consistent training of staff on Generally Recognised Accounting Practice and the Accounting Standards Board updates,

- Preparation of bi-annually financial statements;
- Implementation of audit action plan based on the Auditor-General's finding;
- Conversion and update the of audited assets register;
- Ensure compliance with other laws, regulations and guidelines;

The programme anticipated in the year ahead includes:

- Full implementation of Municipal Standard Chart of Account (mSCOA);
- Development of legislative compliance register;
- Improving capacity in the local municipality by deploying support;
- Roll out the new Financial Management System (SOLAR); and
- Streamlining the operations of the municipality to improve efficiency.

Internal controls

It is management's responsibility to maintain a proper system of internal controls to ensure that the integrity of financial and accounting information meets the operational requirements and to ensure that the assets of the municipality are safeguarded. In strengthen internal controls system management will be embarking on a process to develop the procedure manual to ensure that finance duties are segregated to improve internal controls.

Ethical issues

The municipality has a code of conduct for its councillors and employees. The code ensures that councillors and officials maintain the highest ethical standards and practices when supporting other local municipalities.

FINANCIAL PERFORMANCE

FS 218 Ngwathe Local Municipality - Statement of Financial Performance

Description	2016/17	2017/18	2018/19	2019/20	2020/21
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome
Revenue					
Service charges	261,919	263,978	313,685	366,730	368,019
Rental of facilities & equipment	1,452	757	698	510	84
Other income	1,922	3,396	1,443	1,318	2,671
Interest received	45,119	45,361	54,568	54,775	46,719
Dividends		–	–	7	6
Total revenue from exchange transactions	310,412	313,492	370,395	423,340	417,500
Property tax	76,797	76,080	83,414	87,260	96,614
Government Grants & subsidies	236,594	258,018	258,333	308,290	348,176
Donation	–	1,000	–	1,350	–
Fines and penalties	1,339	2,097	2,094	352	259
Total revenue from non-exchange transactions	314,730	337,195	343,841	397,253	445,049
Total Revenue (excluding capital transfers and contributions)	625,142	650,687	714,236	820,593	862,549
Employee costs	186,764	231,429	219,479	238,746	250,776
Remuneration of councillors	11,443	14,428	14,913	15,524	15,493
Depreciation & asset impairment	66,235	82,844	64,712	71,631	72,502
Finance charges	106,580	35,675	37,860	47,990	34,941

Debt impairment	117,282	74,379	194,078	170,547	163,129
Bulk purchases	212,136	214,813	240,635	257,769	267,455
Contracted services	1,920	9,163	4,038	31,854	41,888
General expenses	97,933	133,721	93,044	88,177	92,667
Repairs and Maintenance	25,643	42,685	54,903	38,648	10,674
Total Expenditure	825,935	839,137	923,661	960,886	949,525
Surplus/(Deficit) for the year	(200,793)	(188,450)	(209,425)	(140,293)	(86,976)
Financial position					
Total current assets	215,319	342,806	334,540	407,089	442,545
Total non-current assets	897,609	899,822	1,438,288	1,762,598	1,832,808
Total current liabilities	1,118,035	1,515,311	1,618,807	1,753,124	1,905,887
Total non-current liabilities	156,698	81,454	177,168	47,607	61,517

1.1. Financial performance analysis

As disclosed in the Annual Financial Statement under the accounting policies subsection 1.21 and Notes 44 comparative figures have been restated or reclassified due to prior period error or to conform to changes in presentation in the current year. The reinstatement was necessitated by the fact that management had to correct the accounting mistake done in the past, hence, a need for retrospective implementation.

1.1.1. Cash and cash equivalents

Council has during the past twelve (12) month maintained a consistent and positive cash and cash equivalent position as the results the operating bank balance as at the end of the financial year 2020/21 was R55,7 million an increase of R 35,9 million as to compare to the previous financial year.

The increase in cash and cash equivalent can also be linked to the low level of spending on conditional grant, hence, an increase on liabilities linked to unspent conditional grants.

1.1.2. Receivables from exchange transactions

Decrease on receivables from exchange transactions is due to the provision for impairment, debt collection and credit control implementation which is not in full capacity, the other factors contributing to the slow decrease on receivables on exchange transaction is long outstanding debt which is beyond the prescribe period of three (3) years in terms of Prescription Act No. 68 of 1969 has not been written off by Council.

Management will in the following year assessed individual debtors and where there was uncertainty or no movement of repayment, the affected debtor will be recommended to Council for possible write off.

During the current year an additional impairment was necessary, these resulted the impairment provision to increase to an amount of R163 million while no bad debts was written-off in the current years.

1.1.3. Operating Revenue

Operating revenue excluding capital grants and subsidies for the year amount to R863 million (2020: R821 million) which reflects an increase of 5.1%. Included in the above figure are operating government grants to the amount of R348 million which constitute 40% of total revenue.

Service charges jointly comprise 43% of total revenue and increase with R1,3 million from 2020 (R 367 million) to R368 million in the reporting financial year which is R63,4 million less than the adjusted budget (R431 million).

Sales of electricity remains the largest source of income and contributes 25% to total municipal revenue.

Property rates constitute 11% of the total revenue an increase of 11% from the previous financial year.

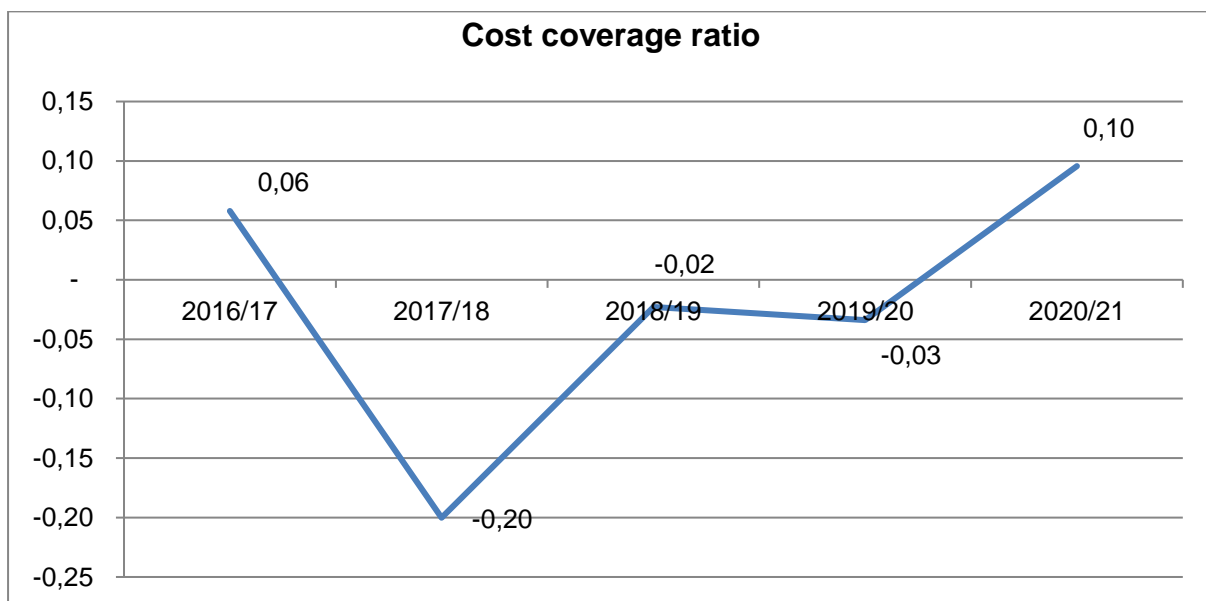
Interest received has decreased by R8,1 million to R46,7 million which can mainly be attributed to the change in interest rate and bad debt provision on receivables during the year.

2. Financial status

Although, the municipality has recorded an operating loss in 2021 of **R87 million**, but, there is significant improvement overtime as to compare to the loss that was realised in 2020 of **R140 million**. The operating budget indicates moderate increases for the next three years.

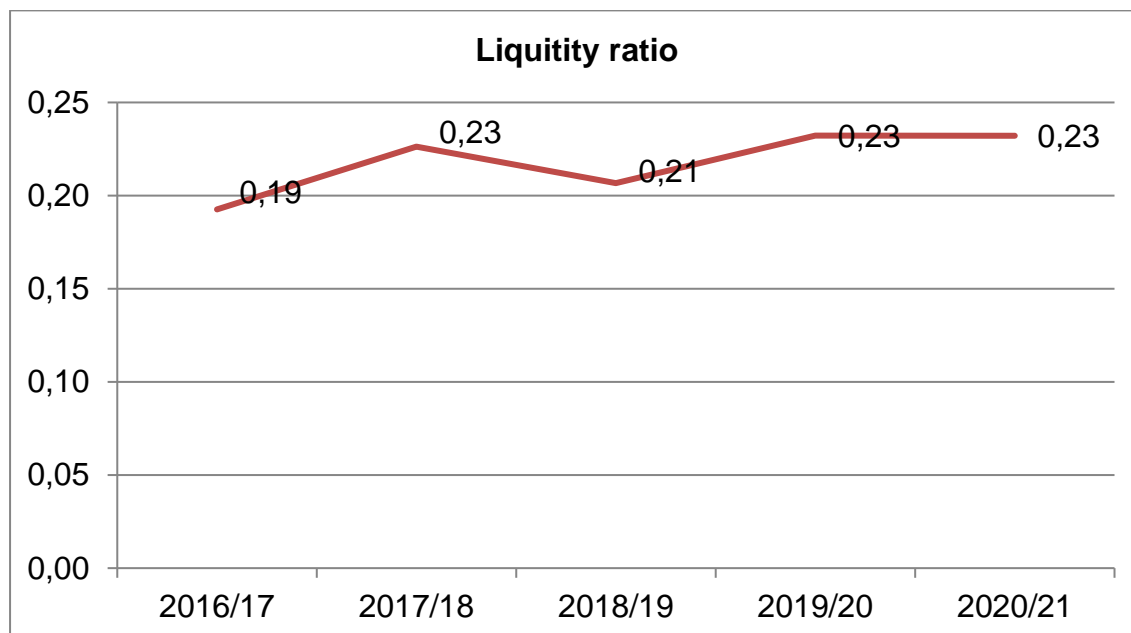
The improvements on the financial status of Ngwathe Local Municipality can also be noticed on the accumulated surplus realised in the financial year 2021 of **R308 million** and **R368 million** in 2020.

2.1 Financial ratios based on the audited financial statement



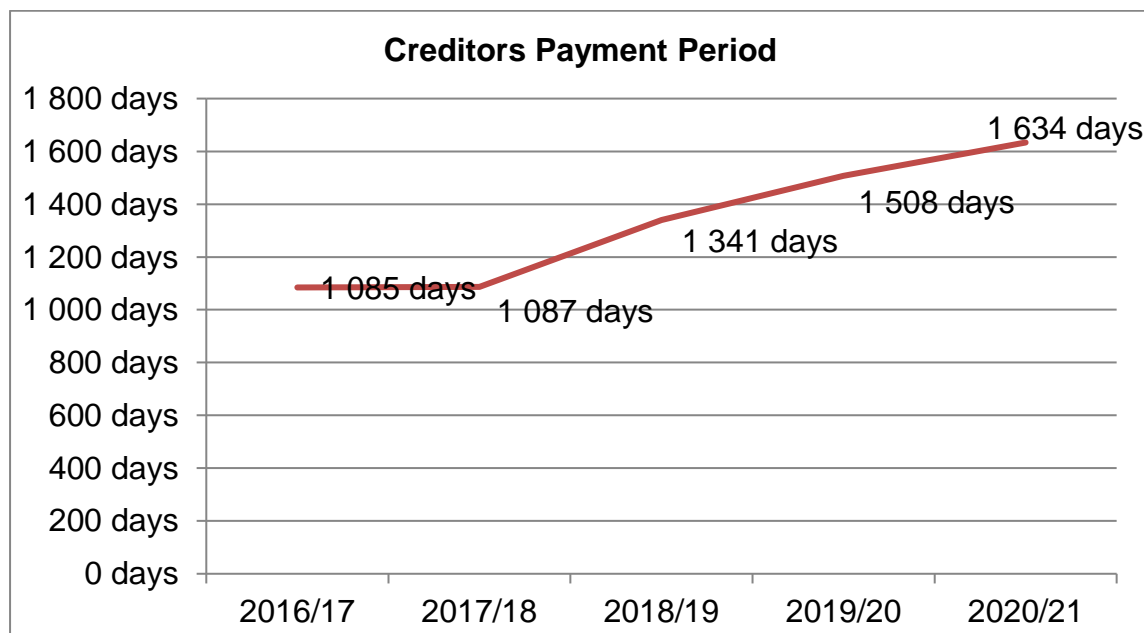
Cost coverage ratio measures how many month expenditure can be covered by the cash and other liquid assets available to the municipality excluding unspent conditional grants.

The ratio has been consistently under zero (0) month coverage over a period of 5 years, the above should raise serious concern as that will eventually affect the operation of the municipality and ability to meet our legislative obligation, the National Treasury norm for cost coverage is 1 – 3 month (NT Circular 71) environment.



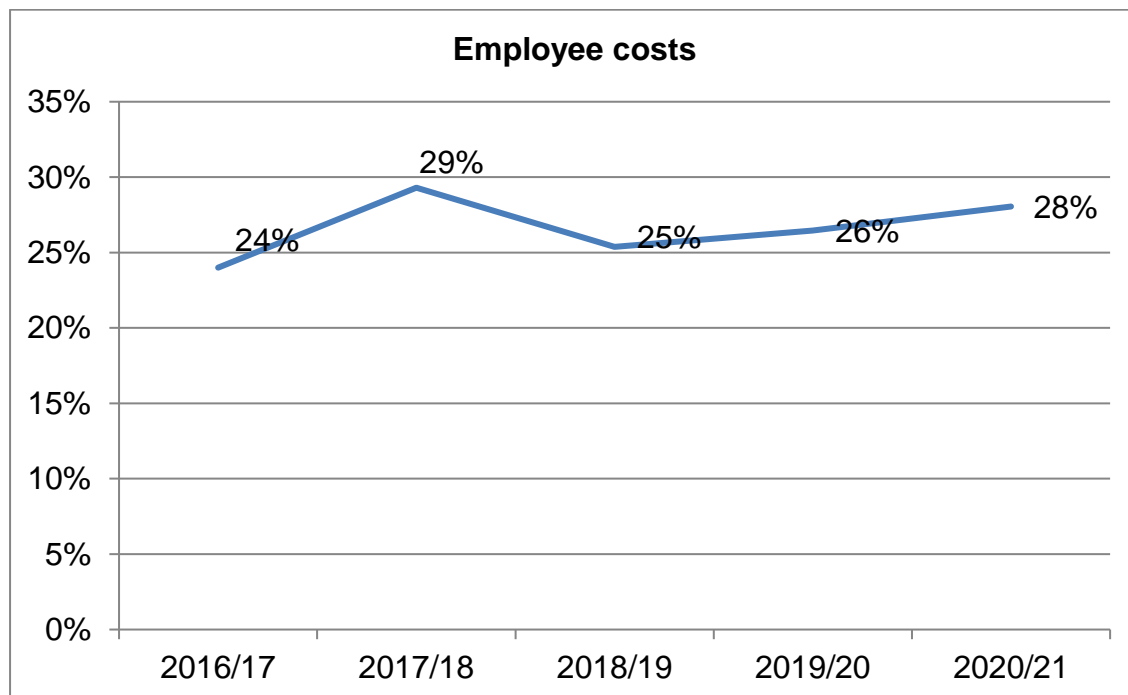
Liquidity ration measures the municipality ability to pay its creditors (obligations)

The ratio has been below the norm over a period of 5 years from 0.19% in 2017 to a 0.23% in 2021, the ratio is far below the norm which should raise concerns on the ability of the Municipality to provide sustainable service delivery and meeting its financial obligation to wards suppliers. The National Treasury norm for liquidity ratio is 1.5% – 2.1% (NT Circular 71).



Creditors Payment Period measures the average number of days taken for Trade Creditors to be paid

The average number of days taken to pay trade creditors is extremely above the norm, over a period of 5 years, 1,085 days in 2017 and 1,634 days in 2021. National Treasury norm for trade creditors payment is 30 days (NT Circular 71)



Employee costs measures what portion of the he municipality total expenditure was spent on salaries and wages.

The ratio has increase over a period of 5 years from 24% in 2017 to a 28% in 2021, the ratio is within the norm. National Treasury norm for employee cost ration is 25% – 40% (NT Circular 71)

3. Conclusion

The municipality's overall financial management operation can be improved to be able to deal with the demands for improved service delivery in assistance to local municipalities and other legislative mandate imposed on municipality by the Constitution.

Expression of appreciation

My sincere appreciation to the Executive Mayor, Members of Mayoral Committee, Councillors, the Municipal Manager and Departmental Heads and their staff including local representatives of the Office of the Auditor General and the auditors appointed by him for the support given to me.

I wish to convey a special word of appreciation to all the staff in Budget and Treasury Office for their hard work, dedication and their undoubted support given to me, all this could not have been a reality without them.

Thank you,

Mr Hopolang I Lebusa
Chief Financial Officer

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

6.1 Report of the auditor-general to the Free State Legislature and the council on Ngwathe Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Ngwathe Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ngwathe Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 10 of 2020 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not recognise property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. Buildings were incorrectly classified as property, plant and equipment instead of investment property. Depreciation was also not calculated for some items of property, plant and equipment. Consequently, property, plant and equipment in note 4 to the financial statements was overstated by R153 963 384 and investment property and depreciation expense understated by R79 501 566 and R74 461 818, respectively. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
5. 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.
8. Note 47 to the financial statements indicates that the municipality incurred a net loss of R61 007 222 during the year ended 30 June 2021 and, as of that date, the municipality's current liabilities exceeded its current assets by R1 463 342 765. In addition, the municipality owed Eskom R1 323 874 576 (2020: R1 234 165 648) and the Department of Water Affairs R139 283 889 (2020: R124 386 948) as at 30 June 2021, both of these debts were long overdue. These events or conditions, along with other matters as set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

10. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Unauthorised expenditure

11. As disclosed in note 49 to the financial statements, the municipality incurred unauthorised expenditure of R99 115 148 (2020: R197 716 696) due to overspending its budget.

Material impairments

12. As disclosed in notes 8 and 9 to the financial statements, receivables from non-exchange transactions and receivables from exchange transactions were impaired by R163 128 988 (2020: R170 546 804) in total.

Material losses

13. As disclosed in note 32 to the financial statements, the municipality incurred material losses of R167 529 777 (2020: R69 722 879) as a result of a write-off of irrecoverable trade debtors.
14. As disclosed in note 33 to the financial statements, the municipality incurred material water distribution losses of 48% (2020: 37%) and electricity distribution losses of 33% (2020: 49%), mainly due to leakages, burst water pipes, line losses, tampering and theft.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

21. 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 (KPAs) presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.
22. I was engaged to evaluate 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 2021:

KPA	Pages in the annual performance report
KPA – infrastructure development and basic services	x – x

23. The material findings on the usefulness and reliability of the performance information of the selected KPAs are as follows:

KPA – infrastructure development and basic services

Various indicators

24. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to confirm that the indicator is well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report of the listed indicators.
25. The measures taken to improve performance against targets were not reported in the annual performance report for the listed indicators below:

Indicator description	Planned target	Reported achievement
90% compliance to general standards with regard to wastewater outflow by 30 June	90%	0%
Implement all water services infrastructure capital projects measured quarterly in terms of approved capital budget spent	96%	0%
Installation of 1 093 residential water meters and 13 bulk water meters in Phiritona	1 093	493
Installation of 1 093 residential water meters and 13 bulk water meters in Phiritona	13	3
Installation of 2 000 residential water meters and 15 bulk water meters in Phiritona	2 000	500
Installation of 2 000 residential water meters and 15 bulk water meters in Phiritona	15	6
% completion of extension on the water treatment plant in Vredefort – Phase 1	96%	80%
Refurbishment of Koppies WTW and Cconstruction of clear water pump station	92%	100%
Construction of pipeline from Koppies to Edenville	19%	19%
Implement all waste water services infrastructure capital projects measured quarterly in terms of approved capital budget spent	96%	96%
Construction of Tumahole outfall sewer	30%	100%

Indicator description	Planned target	Reported achievement
Construction of Koppies outfall sewer	2,5%	2,5%
Conduct water quality management in Parys	100%	100%
Conduct water demand and water conservation management in Parys	100%	100%
Conduct water quality management in Koppies	100%	100%
Water demand and water conservation management in Koppies	100%	100%

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 24 to 25 of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA – infrastructure development and basic services. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

29. 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.

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

Strategic planning and performance management

31. The performance management system and related controls were inadequate, as significant control deficiencies have been identified in the performance planning, monitoring, measurement, review and reporting processes required by municipal planning and performance management regulation 7(1).

32. The integrated development plan did not reflect the key performance indicators and targets as required by section 26(i) of the Municipal Systems Act 32 of 2000 (MSA) and municipal planning and performance management regulation 2(1)(e).
33. Key performance indicators (KPIs) were not set for each of the development priorities and objectives, as required by section 41(1)(a) of the MSA and municipal planning and performance management regulation 9(1)(a).
34. Performance targets were not set for each of the KPIs for the financial year, as required by section 41(1)(b) of the MSA and municipal planning and performance management regulation 12(1).

Annual financial statements

35. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, but the uncorrected material resulted in the financial statements receiving a qualified opinion.

Expenditure management

36. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the payment of funds, as required by section 65(2)(e) of the MFMA.
37. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R99 115 148, as disclosed in note 49 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the approved budget.
38. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R6 632 859, as disclosed in note 50 to the financial statements, in contravention of section 62(1)(d) of the MFMA, due to the municipality's failure to comply with tax, pension, and other statutory commitments.

Consequence management

39. Irregular expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

Revenue management

40. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
41. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

42. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Procurement and contract management

43. Some Invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of supply chain management (SCM) regulation 22(1) and 22(2).
44. Invitations to tender for procurement of commodities designated for local content and production did not stipulate- the minimum threshold for local production and content, as required by 2017 preferential procurement regulation 8(2).
45. Commodities designated for local content and production were procured from suppliers that did not submit a declaration on local production and content, as required by 2017 preferential procurement regulation 8(5).
46. Commodities designated for local content and production were procured from suppliers that did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).
47. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e). Similar non-compliance was also reported in the prior year.

Other information

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

Internal control deficiencies

52. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
53. Ineffective monitoring and supervision over financial and performance reporting resulted in material misstatements in the financial statements and annual performance report. The municipality continued to rely on consultants to resolve the prior year's audit findings; however, internal controls within the municipality did not improve as repeat findings were reported in the current year.
54. Management did not prioritise the review and monitoring of compliance with legislation, which resulted in repeat findings. This was due to a lack of consequence management as officials were not held accountable for non-compliance.
55. Management did not implement and develop processes and systems to manage the performance information of the municipality. Furthermore, adequate guidance was also not provided due to the vacant position of the IDP Manager .

Material irregularities

56. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit. The material irregularities identified are as follows:

Eskom not paid within 30 days

57. The accounting officer did not take all reasonable steps to ensure that amounts due to Eskom for the bulk purchase of electricity were paid within 30 days of receiving the relevant invoice or statement, as required by section 65(2)(e) of the MFMA. The late payment resulted in interest of R21 592 212 being incurred for the period 1 April 2019 to 31 March 2020. The interest incurred is likely to result in a material financial loss for the municipality due to the liability to pay the interest to Eskom.
58. The accounting officer was notified of the material irregularity on 25 February 2021 and was invited to make written submission on the actions taken and that will be taken to address this matter. In his response, the accounting officer referred to the following actions that have been taken and further actions to be taken to address the material irregularity:
- The municipality is continuously engaging with Eskom in order to reach a mutual agreement on a payment agreement.
 - The municipality have undertaken to replace broken and bridged meters as part of their revenue protection and enhancement project.

- The accounting officer submitted a report on fruitless and wasteful expenditure incurred to the municipal public accounts committee (MPAC) for investigation, dated 30 November 2020, where it was concluded that no person or party was held responsible for the loss. Council agreed to write-off the fruitless and wasteful expenditure on 10 December 2020.

59. I will follow up on the implementation of the planned actions during my next audit.

Late payment of employee taxes

60. The municipality did not pay over money deducted from employees within seven days after the end of the month during which the amounts were deducted or withheld from employees in respect of their liability for normal tax, as required by section 2(1) of the fourth schedule of the Income Tax Act 58 of 1962. The late payment resulted in interest of R1 450 171 and penalties of R3 749 826 incurred for the period 1 April 2019 to 30 June 2020. The interest and penalties were likely to result in a material financial loss for the municipality.
61. The accounting officer was notified of this material irregularity on 25 February 2021 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken by the accounting officer to resolve the material irregularity:
- The municipality paid the full outstanding amount due to the South African Revenue Service (Sars) by September 2021. The municipality also engaged with Sars to waive some of the interest and penalties incurred previously.
 - The accounting officer submitted a report on fruitless and wasteful expenditure incurred to the MPAC for investigation, dated 30 November 2020, where it was concluded that no person or party was held responsible for the loss. Council agreed to write-off the fruitless and wasteful expenditure on 10 December 2020.
62. Therefore the material irregularity has been resolved.

Bloemfontein
30 November 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate 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.

6.2 AUDIT ACTION PLAN

FUNCTIONAL AREA	FOCUS AREA / MATTERS RAISED	REF	ACTION / TASK PERFORMED	MONITORING OFFICIAL	RESPONSIBLE OFFICIAL	Target date for implementation
Property, Plant and Equipment	PPE: Classification issues on the building register	Iss.121	1. Perform physical verification of all immovable and moveable assets, 2. Determine the class of assets and document evidence, i.e. Land, PPE, Building, Investment 3. Ensure that assets values are supported by invoice / completion certificate / donation letter,	Chief Financial Officer	Consulting Firm – Engineering Manager: Fleet and Assets Project Management Unit	25 August 2022
	Depreciation: Differences identified on the recalculation of depreciation as well as instances of no depreciation calculation performed	Iss. 50	4. PPE without supporting document (historical assets), recognition must be on fair value, 5. Provincial assets such as roads to be identified and excluded from the municipal register		Assets Management Official	
Investment property	Investment property - Lack of taking action by the municipality on the illegal land occupants. (Non-compliance	Iss. 89	1. Identified all illegal land occupants, 2. Issue notice of eviction / court order, 3. Involved South African Police Service in the eviction process	Director Community Services	Manager Planning and development Manager Security Manager Legal	30 June 2022
	PPE: The cost of PPE land that has been measured at cost since the adoption of GRAP has been incorrectly revised.	Iss. 136	1. Review the GRAP Standard on Land recognition criteria, 2. Revised the recognition criteria in line with the	Chief Financial Officer	Consulting Firm – Engineering Manager: Fleet and Assets	25 August 2022

			requirement of GRAP Standard, 3. PPE without supporting document (historical assets), recognition must be on fair value,		Assets Management Official	
Procurement and Contract Management	Iss. 17: Procurement and contract management - Non-compliance (Awards to spouse)	Iss. 17	1. Identify all MBD4 form – declaration of interest and record bids awarded to person in the service of state in the AFS	Chief Financial Officer	SCM Manager	30 June 22
	Iss. 58: Supply chain management - Local content not considered	Iss. 58, 79	1. Review the SCM regulation and National Treasury regulation and guidelines in relation to Local Contents 2. Issues the specification and tender advert in line with the Local Contents	Chief Financial Officer	SCM Manager SCM Official	1 January 2022
Revenue	Rental facilities: limitation of Scope No Rental register provided	Iss. 31	1. Develop the rental agreement for all municipal leased properties, 2. Ensure that rental agreement are on fair market value	Director Community Services	Manager Facility Manager Legal Manager Revenue	30 June 2022
	Property rates: Internal Control Deficiency on ownership of properties (Valuation roll vs billing report)	Iss. 33	1. Reconcile the valuation roll to the billing report, 2. Confirm the ownership against the Deeds Office and Land Surveyor General	Chief Financial Officer	Manager Revenue	30 June 2022
	Service charges: Conventional Electricity discrepancy	Iss. 98	1. Ensure that meter reading data for both Water and Electricity is accurate and reconcile to the financial management system	Chief Financial Officer	Billing Manager	30 June 2022
	Service charges: Water discrepancies identified	Iss. 100			Meter readers	

