



ZF MGCAWU DISTRICT MUNICIPALITY

DRAFT ANNUAL REPORT 2017/2018

LIST OF ABBREVIATIONS

ZFM	-ZF Mgcawu District Municipality
SMME	-Small, Micro and Medium Enterprises
LED	-Local Economic Development
IDP	-Integrated Development Plan
SDBIP	-Service Delivery and Budget Implementation Plan
NDP	-National Development Plan
MPAC	-Municipal Publics Accounts Committee
Mscosa	- Municipal Standard of Charts Accounts
MIG	- Municipal Infrastructure Grant
DMA	- District Management Area
PMS	- Performance Management System
AG Report	- Auditor General's Report
MFMA	- Municipal Finance Management Act
MM	- Municipal Manager
CFO	- Chief Financial Officer
IGR	- Intergovernmental Relations
IDP Rep Forum	- IDP Representative Forum
SPLUMA	- Spatial Planning and Land Use Management Act
SCM	- Supply Chain Management
MBD	- Municipal Bid Documents
CSD	- Central Supplier Database

COGHSTA	- Cooperative Governance Human Settlements and Traditional Affairs
EGDF	- Economic Growth and Development Fund
NCTA	- Northern Cape Tourism Authority
EHS	- Environmental Health Services
EHP	- Environmental Health Practitioner
FTE	- Full Time Employee
KPI	- Key Performance Indicators
OHS	- Occupational Health and Safety
DEDaT	- Department of Economic Development and Tourism
LDA	- Land Development Applications
EPWP	- Extended Public Works Programme
RRAMS	- Rural Roads Asset Management System
MIG	- Municipal Infrastructure Grant
LGSETA	- Local Government Sector Education and Training Authority

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CHAPTER 1



COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

It is my pleasure to present to you the 2017/2018 Draft Annual Report. The format and content of the Annual Report is largely prescribed by Section 46 of the Local Government: Municipal Systems Act and Section 121 and 127 (2) of the Local Government: Municipal Finance Management Act.

The cited legislation compels the Municipality to prepare an Annual Report for each financial year and the Executive Mayor to table such a report in Council within seven months after the end of the financial year, where after members of the public are invited to submit representations thereon. These serve to promote accountability and encourage the involvement of communities and community based organizations in the affairs of the Municipality as envisaged in section 152 of the Constitution of the Republic of South Africa, 1996.

Management within local government has a significant role to play in strengthening the link between the citizen and governments overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the ZF Mgcawu District Municipality. The challenge is to do more with the available resources and although we don't deliver direct basic services, our role as a District Municipality is to support and capacitate the category B Municipalities within our jurisdiction.

Vision

"Quality support to deliver quality services"

Key Policy Documents

In order to provide vision, leadership and direction for all role-players in developmental Local Government and the Integrated Development Plan (IDP) remains a key instrument towards the realization of the sustainable Local Government Goals. The IDP requires us, as a District Municipality, to focus on local issues and ensure sustainability and growth.

Our organisational performance for 2017/2018 should be read and understood within the context of the Municipality's IDP as well as the Service Delivery and Budget Implementation Plan (SDBIP) of 2017/2018.

We are saddled with a constitutional imperative to ensure the provision of services to communities in a sustainable way, and where we fall short, we have the responsibility of ensuring that the Local Municipalities fulfill their mandate of service delivery. However, we have to use the available resources efficiently and effectively. Most importantly, we have to account for every resource entrusted to us. We remain highly grant dependent. It is common cause that most of the grants are conditional and we can only use them subject to their inherent conditions.

The ZF Mgcawu District Municipality is committed to addressing poverty and unemployment by encouraging local economic growth and development. To this effect we have compiled an LED Strategy in order to reflect new economic realities and opportunities in the District. This strategy which was approved by Council in May 2018 will serve as a framework for the promotion of economic growth and improved socio-economic outcomes in the District over a five year term. It will address the development of sector based opportunities and the implementation of specific Local Economic Development programmes and priority projects.

I envision that this strategy will pave the way for government, business and civil society to work collectively to create better conditions for economic growth and employment generation.

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa can realize these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state and promoting leadership and partnerships throughout society.

Achievements

The ZF Mgcawu District Municipality is a high performing Municipality, with a sterling record of good governance, a stable leadership structure and a well-functioning Council and Administration.

Amongst the achievements I am proudest of, is the fifth consecutive clean audit outcome from the Auditor-General of South Africa for the Municipality and also the only Municipality to receive a clean audit in the Northern Cape for the 2016/2017 financial year. However, we have recently learned from the attached 2017/2018 Audit Report that the District Municipality has yet again received its sixth consecutive clean audit for this specific financial year.

I want to express my sincere appreciation to all who have contributed to the ZF Mgcawu District Municipality continuing its mandate of accountable governance, especially our dedicated administration team under the leadership of the Acting Municipal Manager.

In 2017, the District Municipality held a schools choir competition which included the singing of both the National and African Union anthems. At the inaugural Africa Day celebrations held in May 2018 the competition was widened to include the government departments, Municipalities and even the private sector. The day was marked by singing, preparing food and wearing the appropriate attire representing different Africa countries.

The District Municipality took a decision that by celebrating Africa Day, we will also be honoring the late Speaker of the District Municipality, Mrs. Nokhaya Mjila.

Future Actions

Our goal remains that of ensuring provision of quality, sustainable services to our communities. Our primary focus in the next financial year will be the financial growth and development of the District as a whole and for us to continue to support out Local Municipalities in eradicating major infrastructure backlogs and ensuring provision of quality basic services to our communities.

In the true spirit of cooperative governance, we will ensure that our plans, objectives and priorities directly link to those at Provincial and National spheres of government. We will continue to utilize the IDP as a localized expression of the National Development Plan.

This Annual Report is an account of the ZF Mgcawu District Municipality's achievements in the year under review and it also assists in identifying our successes and failures. This report is therefore intended to attest to the collective efforts of the administrative and political arms of the District Municipality to progressively address the expectations of our people.

Conclusion

Everyone directly linked to this Municipal Council worked diligently during the past financial year to achieve the vision of the District Municipality and we also contributed towards achieving consecutive clean audits. The commitment from all the Councillors and the Employees cannot be disputed if we look at all the achievements.

Despite difficult financial and socio-economic circumstances, the District Municipality continues to strive towards excellence in all aspects within its mandate.

I would like to express my sincere gratitude to all Councillors, Officials and Local Municipalities of the ZF Mgcawu District Municipality for their dedication, support and cooperation which enabled the institution to report on the activities of the District Municipality for the year under review.

Signed by _____

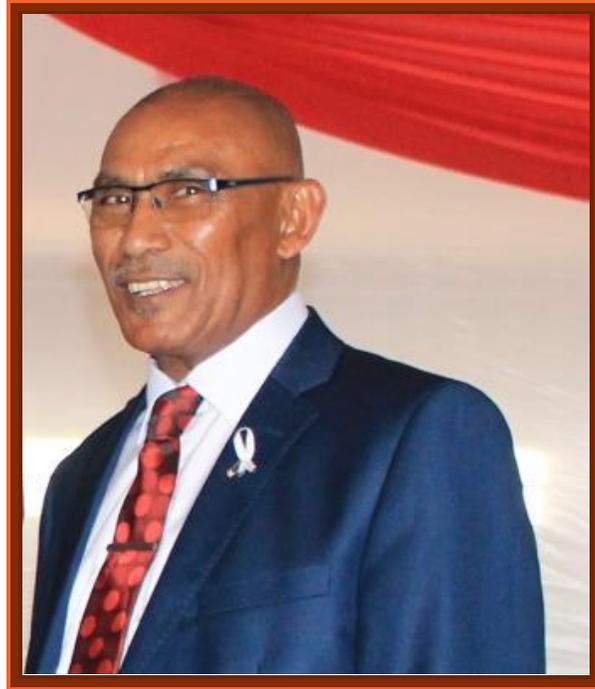
Cllr Abraham Vosloo

Executive Mayor

“Amongst the achievements I am proudest of, is the fifth consecutive clean audit outcome from the Auditor-General of South Africa for the Municipality and also the only Municipality to receive a clean audit in the Northern Cape for the 2016/2017 financial year”

Cllr. A. Vosloo

MUNICIPAL MANAGER'S OVERVIEW



It is with pleasure that I present the Annual Report of the ZF Mgcawu District Municipality (ZFM) for the 2017/2018 reporting period. This Annual Report presents us with an opportunity to reflect on our achievements since the last reporting period and also to provide a detailed account of our performance as an institution against our strategic plans and resources that were at our disposal for the period under review.

In this financial year both the political and administrative leadership of the institution worked together in ensuring that the objectives of Local Government as enshrined in section 152 of the Constitution of the Republic of South Africa are achieved without fail. Council has enhanced its oversight and governance on all its programs and projects to ensure that it gets value for money and that services are rendered to the people of the ZF Mgcawu District Municipality.

For purposes of monitoring and evaluation of performance, the ZF Mgcawu District Municipality utilizes an electronic performance management system. This has assisted the municipality in ensuring that program inputs, activities and results are evaluated on a system which assures the institution and its stakeholders of the integrity of the performance information as well as achievement of service delivery targets. This report provides readers with a substantial insight into the workings of the ZF Mgcawu District Municipality. Over the past few years we have been seeing a steady improvement in the

quality of our reporting as performance management becomes entrenched in our organisational culture. The District Municipality continues to perform all compliance matters as required, that is; submission of the Annual Financial Statements (AFS), adoption of the budget and submission of all in-year reports were done on time. The District Municipality was also able to prepare its budget on the mSCOA format and we were ready for implementation on the 1st July 2017 as required.

The ZF Mgcawu District Municipality has various legislative committees in place that assist in oversight and governance. The Audit Committee and Risk Management Committee are in place and continue to perform their governance oversight as required. Council and Council Committees, i.e. Portfolio Committees, Mayoral Committee and Municipal Public Accounts Committee (MPAC) are also in place and have been able to adequately discharge their responsibilities during the year under review.

For the 2016/2017 financial year the ZF Mgcawu District Municipality received a clean audit, that is, an unqualified audit opinion with no matters of emphasis and it was the only Municipality in the Northern Cape to achieve such an accomplishment. The Auditor General has subsequently announced that we have achieved our sixth Clean Audit for the 2017/2018 financial year during its latest Audit Report.

The White Paper on Local Government clearly articulates the purposes that District Municipalities should pursue as well as the outcomes that they should achieve. Their purpose can be summarized as follows:

- Build local Municipalities where there is no capacity
- To initiate the economic development of the District
- To provide for the basic needs of the people living in deprived areas

Municipalities with weak revenue base cannot survive on the current Municipal Infrastructure Grant and the equitable share funding allocations to fulfil their mandate. Such allocations are insufficient to ensure universal access to adequate services and will not enable poor and small Municipalities to eradicate backlogs. Thus, Municipalities with financial limitations cannot translate their IDP's to workable socioeconomic programmes. The ZF Mgcawu District Municipality has compiled a Local Economic Development Strategy with the assistance of the Department of Economic Development. We believe that Local Economic Development pursues an inclusive pattern of economic growth that does ultimately contribute to reducing poverty consciously and systematically. Through this strategy we want to:

- Increase the overall size of the economy
- Make it easier for small enterprises to succeed
- Build an enabling and responsive public sector

Through this strategy we want to build and foster relationships both within the private sector but also within the public sector. We want to put emphasis on the role of institutions in supporting economic development and the importance of strengthening institutions. It includes for an example, strengthening business associations, SMME networks, inter-municipal collaboration and growth coalitions involving municipal government, business, workers and civic society.

ZF Mgcawu District Municipality envisions that with this Local Economic Development Strategy we will develop an integrated local economy that unlocks latent economic potential, encourages private sector investment and creates economic development and job opportunities for the poor in its drive to alleviate poverty. With this LED Strategy we will address all major socio-economic challenges faced by our Local Municipalities.

In accordance with Chapter 4 of the Municipal Systems Act, 32 of 2000, we have developed a culture of community participation in the affairs of the municipality by ensuring compliance to statutory requirements by convening meetings, allowing written submissions and using various means of information exchange. The external media, municipal newsletters and the official website and Facebook page were fully exploited throughout the 2017/2018 financial year.

Conclusion

This Annual Report is a true testimony of our commitment to be a center of excellence and put our people at the center of our development. May we built in our strengths and collectively address all challenges that may face us on our journey ahead.

I would like to thank the Executive Mayor and his Mayoral Committee for the guidance, advice and continued support that we enjoyed throughout the year. My sincere gratitude and appreciation to the Senior Management Team for the support and commitment towards a successful 2017/2018 financial year, and to our staff, I would like to thank you sincerely for always showing a sense of urgency in dealing with the issues that we are faced with; I am humbled to be at the forefront of such a dedicated team of professionals.

Signed by _____

Mr JG Lategan

Acting Municipal Manager

1.2.1 MUNICIPAL FUNCTIONS AND ENVIRONMENTAL OVERVIEW

ZF Mgcawu District Municipality forms the mid-northern section of the province on the frontier with Botswana and comprises of the vast Kalahari Desert, Kgalagadi Transfontier Park and the former Bushman Land.

ZF Mgcawu District Municipality comprises of five Local Municipalities namely: !Kai Garib; Dawid Kruiper; Tsantsabane; !Kheis and Kgatelopele. Upington is the District Municipal capital where the municipal government is located:

The ZF Mgcawu District Municipality has a Constitutional mandate to:

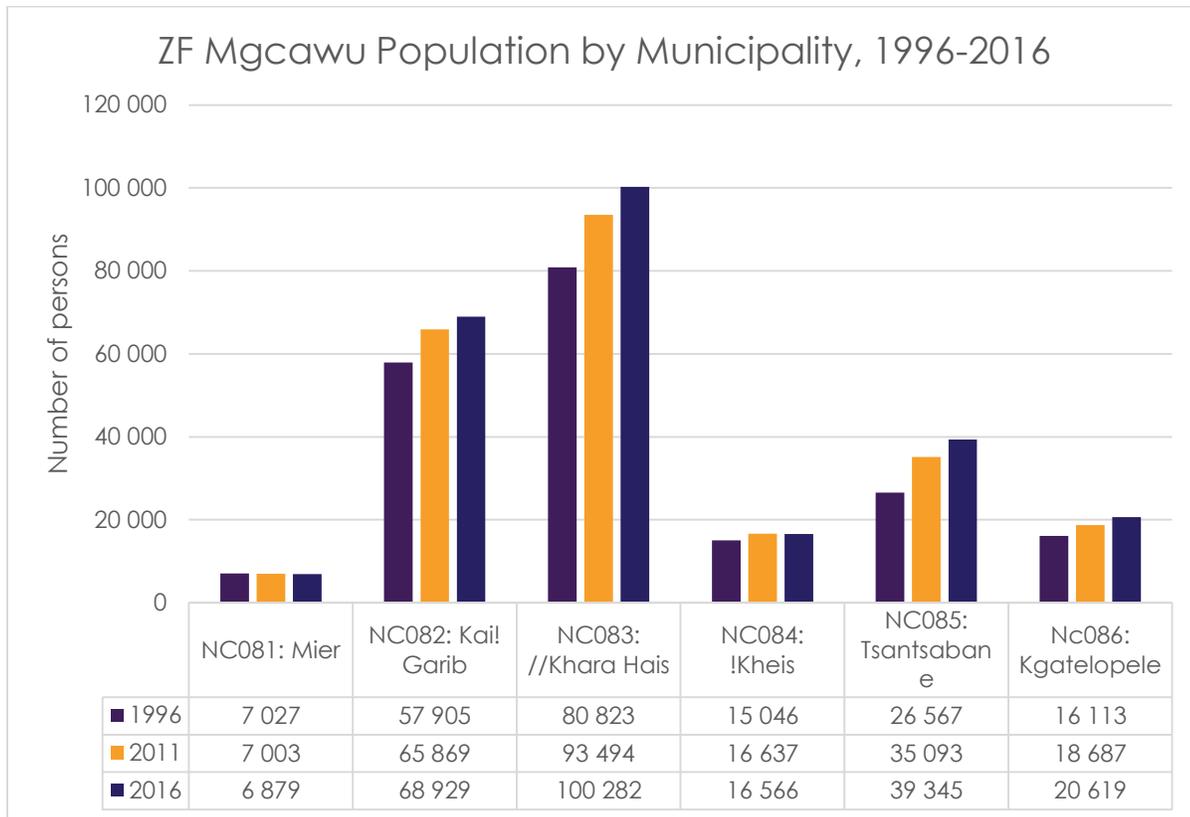
- a) provide democratic and accountable government for local communities
- b) ensure the provision of services to communities in a sustainable manner
- c) promote social and economic development
- d) promote a safe and healthy environment
- e) encourage the involvement of communities and community organizations in the matters of local government.

Following from the Constitution, specific powers and functions of the ZFMDM is regulated by National Legislation. The Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) in Section 84(1) sets out the following powers and functions for the ZF Mgcawu District Municipality (ZFMDM)

Section 84(1) states that a District Municipality has the following functions and powers

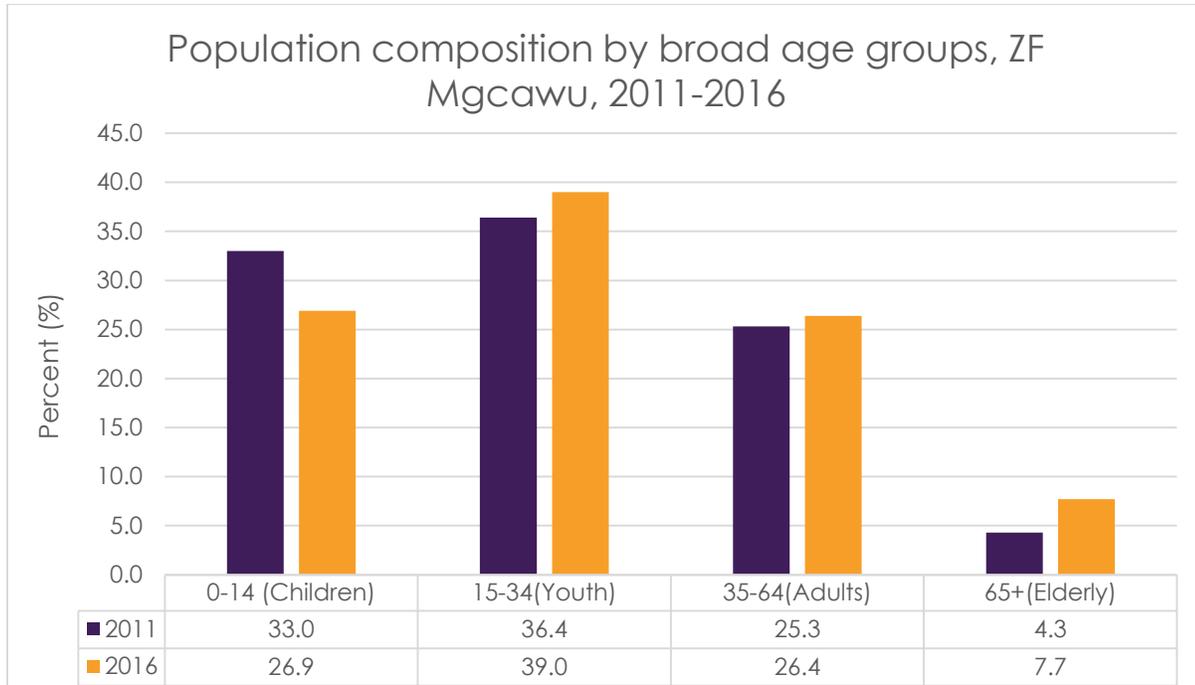
- Integrated development planning for the District Municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality;
- Municipal Health Services;
- Firefighting Services serving the area of the District Municipality as a whole, which includes-planning, co-ordination and regulation of fire services;
- Promotion of local tourism for the area of the District Municipality
- building the capacity of Local Municipalities in its area to perform their functions and exercise their powers where such capacity is lacking

1.2.2 POPULATION

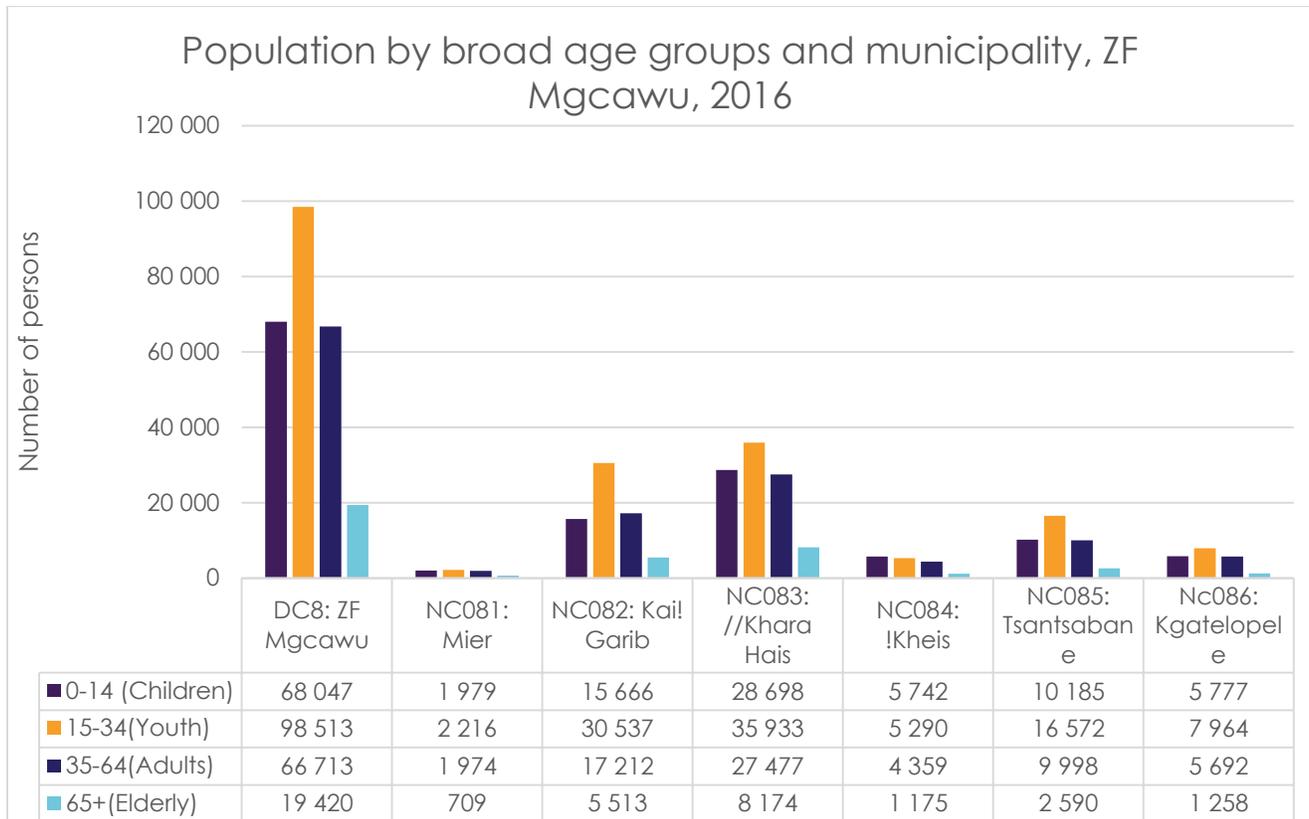


- The figure above shows an increase in the population of ZF Mgcawu over the period 1996 to 2016. The population in the District increased by 33 304 persons over the period 1996 to 2011, from 203 479 persons in 1996 to 236 783 in 2011. The population further shows an increase over the period 2011 to 2016, from 236 783 persons in 2011 to 252 620 persons in 2016.
- *//Khara Hais Municipality has the biggest share of the District population when compared to other Local Municipalities with a total population of 100 282 persons in 2016, this was followed by Kai! Garib Local Municipality with 68 929 persons.
- *Mier Local Municipality has the least population when compared to other local Municipalities in the District, with a total of 6 879 persons in 2016.

*(*community survey 2016)*



- The figure above shows a change in the structure of the population in ZF Mgcawu District over the period 2011 to 2016.
- It shows a shift towards an ageing population composition, where the proportion of children (0-14 years) in the District decreased as a proportion of the total population from 33, 0% in 2011 to 26,9% in 2016.
- The figure shows a bulge in the youth population group (15-34 years), showing a 2, 6% increase in the share of youth to the total population, from 36,4% in 2011 to 39,0% in 2016.
- The share of the elderly population (65+ years) to the total population of the District increased from 4, 3% in 2011 to 7,7% in 2016.



- The figure above shows that the majority of the population in the District is mainly consisted of youth with about 98 513 persons in 2016, followed by children (68 047 persons), adults (66 713 persons), and elders with 19 420 persons.
- *//Khara Hais Municipality, followed by Kai! Garib Municipality recorded the most number of persons across all age groups when compared to other Local Municipalities in the District. *Mier Municipality has the least population numbers across the respective age groups when compared to other Municipalities in the District.

(*community survey 2016)

1.3 SERVICE DELIVERY OVERVIEW

The Constitution of the Republic of South Africa states that Municipalities have the responsibility to ensure that all citizens are provided with services to satisfy their basic needs. The provision of basic services has a direct and immediate effect on the quality of the lives of people in communities across the country.

Municipalities are at the forefront to attempt to achieve high levels of service delivery, because of the service delivery protests in some Municipalities this has put even greater pressure on Municipalities to deliver on their mandates and to ensure effective service delivery.

With the re-demarcation of the District Management Areas, the functions of the District Municipality has been focused primarily on capacity building and rendering support to Category B Municipalities.

Thus the District Municipality is not directly responsible for rendering services but must ensure that Local Municipalities fulfil their mandate of delivering services to communities. The District Municipality does however render mandatory support to Category B Municipalities.

1.4 FINANCIAL HEALTH OVERVIEW

The financial health of ZF Mgcawu District Municipality is busy to deteriorate due to its high employee related costs. Personnel costs are too high and exceed the national norm by far. Strategic plans to contain the high personnel costs are put in place.

The District Municipality is experiencing a going concern crisis as highlighted in its recent audit report. To address the going concern crisis a liability reduction plan has been developed and implemented to address the going concern matter.

Cash Flow Reporting takes place on a regular basis to all stakeholders in the municipal environment. Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of the District Municipality to sustain the financial health.

Cost containment measures were adopted by Council. Audit risks for the 2017/2018 financial year had been identified and attended to in order to ensure that the positive audit outcomes of the past years are maintained.

Alternative sourcing of funding and the attainment of projects by ZF Mgcawu District Municipality is a high priority to address the shortage of funding that is a legacy challenge of the past.

Innovative strategic management is deployed to better the financial health of the District Municipality in the long term.

1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The organisational structure was approved by Council and continues to be amended as the need arises. The organisational structure was approved to support efforts and initiatives to enhance the District Municipality's financial sustainability and efficient service delivery to the District Municipality.

The Executive Mayor also approved the Service Delivery and Budget Implementation Plan (SDBIP) for 2017/2018. The SDBIP details the implementation of service delivery and the budget for the financial year in compliance with the Municipal Finance Management Act. The SDBIP serves as a contract between the administration, Council and the Community, expressing the objectives set by the Council as quantifiable outcomes that can be implemented by the administration over the next twelve months. The SDBIP facilitates the process of holding management accountable for their performance.

In the period under review, we undertook a process of improving performance and the level of accountability of the municipal administration by cascading Performance Management to the lowest post levels within the municipality. There is a Performance Management System Framework in place. The performance agreements of the Municipal Manager and Directors were signed and placed on the website.

In terms of capacity building employees, our Workplace Skills Plan remains a key guiding document. The Work Skills Plan was drafted in line with prescripts of the law.

1.6 AUDITOR GENERAL'S REPORT

The Auditor General's report for the 2016/2017 financial year is included in this report. The District Municipality received a clean audit report.

The Auditor General's report for the 2017/2018 financial year is hereby attached to this report and can be found in chapter 6 of this report.

1.7 STATUTORY ANNUAL REPORT PROCESS

Section 121(1)(2) and (3) of the Municipal Finance Management Act determines as follows: Every Municipality must for each financial year prepare an Annual Report. The Council must within 9 months after the end of the financial year deal with the Annual Report of a Municipality in accordance with section 129

According to the above, the Annual Report process, must correlate with what General Notice 839 of 2011 requires which states that the Annual Performance Reports should be submitted for auditing two months after the end of the financial year. All the other information to be included in the Annual Report must be submitted concurrently with the Annual Financial Statements

In completing the Annual Report, it is imperative to ensure that there is alignment between the Integrated Development Plan, Budget and Performance Management System as these are the strategic documents of Council and in most instances are forward looking. The Annual Report gives a reflection on the backward looking approach to ascertain whether goals and objectives were achieved.

The Executive Mayor of the District Municipality tabled the Draft Annual Report to Council in January 2018 and the report was subsequently approved in March 2018. The report was discussed at the Municipal Public Accounts Committee with recommendations made to Council.

The process of the Annual Report was finalized in April 2018 by way of submitting the Annual Report to the Provincial Legislature. The ZF Mgcawu District Municipality complied with all legislative and legal requirements in the completion of this process.

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

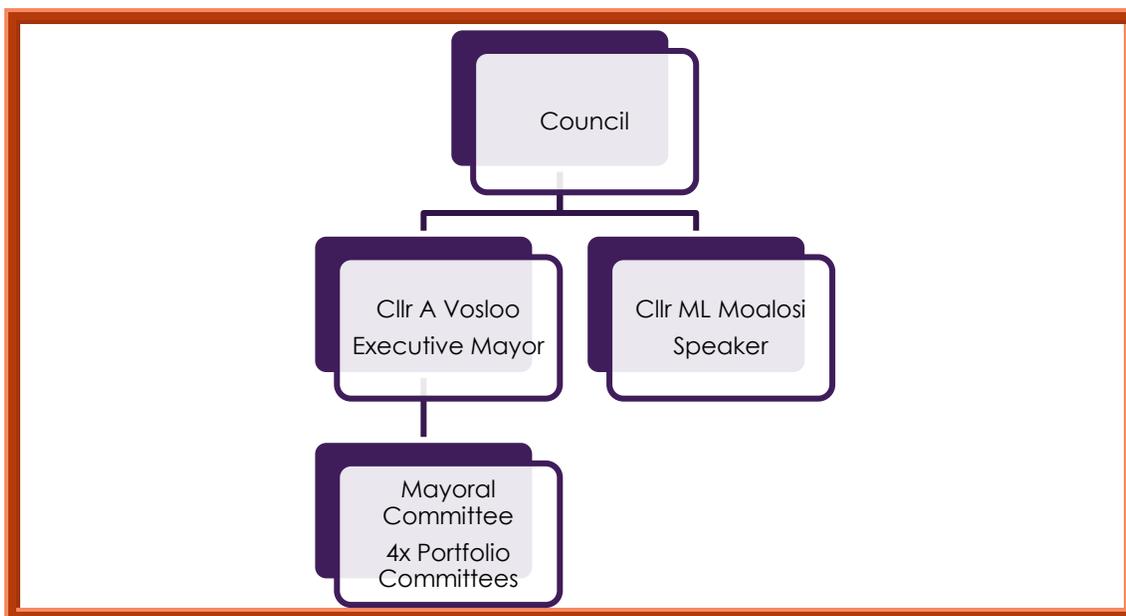
The nature of governance within the District Municipality is such that it is spread across political and administrative governance.

- Political Governance Structure, this structure deals with the political governance of the District Municipality through Political Office Bearers; Council and Committees
- Administrative Governance Structures, this structure on the other hand focuses on the administration and management of the Municipality. This is vested in the Acting Municipal Manager who is the Accounting Officer. The Acting Municipal Manager is assisted by the Senior Management Team comprising of Directors. The Acting Municipal Manager is tasked with the establishment, development and management of sound and effective municipal administration.
- Intergovernmental Relations; the Executive Mayor is the custodian of the Intergovernmental Relations Forums
- Corporate Governance; the Acting Municipal Manager assisted by Senior Managers is responsible for Corporate Governance of the District Municipality. This entails Risk Management, Anti-Corruption and Fraud, Internal Audit, Supply Chain Management, Oversight Committees, etc.

2.1 POLITICAL GOVERNANCE

The Council performs both a legislative and an executive function. It focuses on legislative, oversight and participatory roles and has delegated its executive function to the Executive Mayor and the Mayoral Committee. The Council plays a very active role in the operations of the District Municipality.

The Council of the ZF Mgcawu District Municipality comprises of 21 Councillors of which 8 are direct elected Councillors and 13 are seconded to the District Municipality.



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

- The Institutional Development Portfolio Committee
- The Social Economic Development Portfolio Committee
- Good Governance and Public Participation Committee
- Service Delivery Portfolio Committee
- Municipal Finance Viability
- The Mayoral Committee is chaired by the Executive Mayor and comprises of the Chairpersons of the Portfolio Committees. The Mayoral Committee has the responsibility of monitoring the management of the Municipality's administration in accordance with the policy directions of the Council and also to oversee the provision of services to communities in the District Municipality in a sustainable manner.

Municipal Public Accounts Committee

MPAC is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council and is not a duplication of other committees of Council, such as the Finance Committee or the Audit Committee.

The primary functions of the MPAC are as follows:

- i. To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report.
- ii. To examine the financial statements and audit reports of the municipality and in so doing, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.

Members of the Municipal Public Accounts Committee (MPAC) for the year under review are:

- a) Cllr Siyabulela Dubeni [ANC]
- b) Cllr Brenda Bock [ANC]
- c) Cllr Samuel Esau [ANC]
- d) Cllr Bary Bosman [ANC]
- e) Cllr Anna de Bruin [COPE]
- f) Cllr Michael Mabilo [TCF]
- g) Cllr Florence Lee-Anne Witbooi [DA]

Councillors as at the end of 30 June 2018 are:

Name of Councillor	Capacity	Political Party	Municipality
A Vosloo	Executive Mayor	ANC	Direct Elected
ML Moalosi	Speaker	ANC	Direct Elected
JJJ Olyn	Chair: Service Delivery	ANC	Direct Elected
GH Mothibi	Chair: Social Econ Development	ANC	Direct Elected
J Lodewyk	Member: Good Governance	ANC	Direct Elected
A de Bruin	Member: MPAC & Finance Viability	COPE	Direct Elected
FL Witbooi	Member: Good	DA	Direct Elected

	Governance & MPAC		
M van Zyl	Member: Service Delivery	DA	Direct Elected
APPOINTED COUNCILLORS			
WD Klim	Member: Finance Viability	ANC	Kai Garib
M Basson	Member: Social Econ Development	DA	Kai Garib
B Bock	Member: Institutional Development	ANC	Kai Garib
S Dubeni	Chair: MPAC Member: Institutional Development	ANC	Dawid Kruiper
M Bosman	Chair: Institutional Development	ANC	Dawid Kruiper
BLB Bosman	Member: Social Econ Development	ANC	Dawid Kruiper
J Assegaai	Member: Finance Viability	DA	Dawid Kruiper
PSJ Isaacs	Member: Socio Econ Development	DA	Dawid Kruiper
Vacant			Dawid Kruiper
S Esau	Member: Good Governance	ANC	!Kheis
M Mabilo	Member: MPAC	TCF	Tsantsabane
M Mashila	Chair Good Governance	ANC	Tsantsabane
Vacant			Kgatelopele

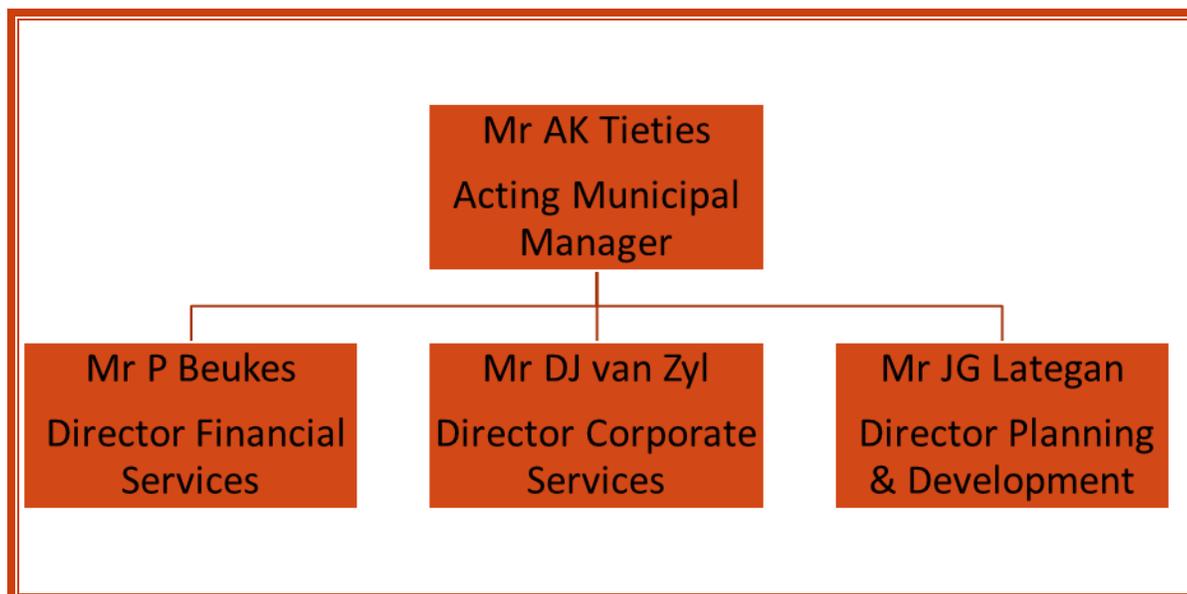
2.2 ADMINISTRATIVE GOVERNANCE

The Acting Municipal Manager is the head of the municipal administration. Subject to the policy directions of the Municipal Council, the Acting Municipal Manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration.

The Acting Municipal Manager must make sure the administration is equipped to implement the municipality's Integrated Development Plan, that it operates in accordance with the municipality's Performance Management System, and that it is responsive to the needs of the local community.

The roles and responsibilities of the Acting Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Acting Municipal Manager as Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

The District Municipality has an administrative arm, headed by the Acting Municipal Manager and is assisted by Directors who report directly to him. For the year under review the District Municipality had three Directors:



COMPONENT B: INTERGOVERNMENTAL RELATIONS (IGR)

2.3 INTERGOVERNMENTAL RELATIONS (IGR)

Intergovernmental Relations [IGR] are interactions among government stakeholders. These interactions include Government Departments, Local Municipalities and the District Municipality. IGR is a system of institutional co-operation that addresses relations of equality and interdependence as per the constitution.

IGR provides insight by assessing the strengths and weaknesses of stakeholders. It also works as an oversight function on governmental roles and service delivery across all governmental spheres.

Constitutional framework for government in South Africa

The structure of government: The Constitution states that "government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated." The "distinctive" element reflects that each sphere exists in its own right; it is the final decision-maker on a defined range of functions and is accountable to its constituency for its decisions.

- 1) The role of a District Intergovernmental Forum is to serve as a consultative forum for the District Municipality and the Local Municipalities in the District to discuss and consult each other on matters of mutual interest, including-
 - a) Draft National and Provincial policy and legislation relating to matters affecting Local Government interests in the District;
 - b) The implementation of National and Provincial policy and legislation with respect to such matters in the District;
 - c) Matters arising in the Premier's Intergovernmental Forum affecting the District;
 - d) Mutual support in terms of section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
 - e) The provision of services in the District;
 - f) Coherent planning and development in the District;
 - g) The co-ordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the Municipalities in the District; and

- h) Any other matters of strategic importance which affect the interests of the Municipalities in the District.
- 2) A District Intergovernmental Forum may refer a matter arising in the forum to-
 - (a) The Premier's Intergovernmental Forum; or
 - (b) Any other Provincial Intergovernmental Forum established

A financial year consists of 4 quarters of which the Technical IGR is required to sit each quarter to comply with the Framework

Any IGR's key task is to provide a platform where stakeholders interact, share information, challenges and also consult among one another. The IGR is the key driver of activities across all organs of state and is crucial when it comes to coordinate activities and executing them. Currently the IGR has been a useful avenue when it comes to service delivery in Local Municipalities and other stakeholders and it also serves to keep each and every stakeholder abreast of the state of service delivery within the District.

The Technical IGR forms part of the overall District Intergovernmental Forum (DIF) which consists of the Technical IGR itself and a Political IGR. The role of the Technical IGR as the support structure is to prepare decision making in the political structure which is the Political IGR. The resolutions that are taken from the Technical IGR are then forwarded to the Political IGR for way-forward

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act 32, 2000 (Act No. 32 of 2000) mandates Municipalities to review Integrated Development Plans annually in accordance with an assessment of its performance measurements.

Integrated Development Plan is therefore defined as a: "principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality" Municipal Systems Act 32, 2000, Chapter 5 Section 35 1(a).

Integrated Development Plan plays a pivotal role in informing all planning processes of the other spheres of government (National and Provincial) as well as all state owned enterprises, which implies a dire need for joint and coordinated effort by these parties in the IDP development processes. It is therefore essential that IDP must be formulated in accordance with a business plan, detailing roles and responsibilities, time frames and cost estimates, to ensure that the Integrated Development Plans gives effect to the Constitutional mandate.

This brief report will summarize the entire IDP review process of the financial year 2017/2018. Specific focus will be on the public participation process and the findings that emanated from these. Lastly, a way forward was paved to support the Municipalities in areas where capacity challenges were identified

1) Integrated Development Plan (IDP) Process & District Framework Plan

The framework plan is to guide and inform the Process Plans of the District and its Local Municipalities. The Framework Plan provides the linkage for binding relationships between the District Municipality and Local Municipalities. In so doing, proper consultation, co-ordination and alignment of the IDP process of the District and its various Local Municipalities can be maintained.

In terms of section 28 (1) of the Municipal System Act of 2000, each municipal council must adopt a process set out in writing to guide the planning, drafting adoption and review of its integrated development plan.

The IDP Process Plan and the District Framework Plan was adopted on 31 August 2017

2) IDP Steering Committee and IDP Representative Forum Meetings

The IDP Steering Committee acts as a support to the IDP Representative Forum, making technical decisions and inputs, to the Municipal Manager and the IDP Manager. Refinement and Quality check of IDP document to ensure compliance with legislation, and provide technical assistance to the mayor in discharging the responsibilities set out in Section 53 of the MFMA.

The IDP Representative Forum is responsible for:

- Providing an organisational mechanism for discussion, negotiation and decision making between stakeholders.
- Representing the interest of their constituencies in the IDP process.
- Monitoring the performance of the planning and implementation process.
- Comprises of the Mayor, Councillors, Municipal Manager, Directors, representatives of various sectors, Non-Government Organizations, Government Departments and specialized community members

- IDP Representative Forums were held on the 19 Oct 2017 and 27 Feb 2018
- IDP Steering committee meetings were held on the 21 Feb 2018 & 7 March 2018.

3) Public Participation

During the engagement session sector departments were also invited to the meeting so that they provide the Municipalities with their planned projects/programmes or Annual Operational Plans, as these will happen within a municipality and so that planning between Municipalities and sector department can be aligned.

The District Municipality was expected to give an overview of all unfunded projects in the Local Municipalities, to allow sector departments in attendance to channel funding where it is needed. Emphasis was also put on the institutional capacity shortages within both the District and Local Municipalities. This was to make sector departments aware of the institutional challenges faced by Municipalities. A public engagement session was held on the below date:

Date	Topic	Municipality	Venue	Facilitator	Senior Management Representative
22 November 2017	Draft Budget & IDP	All Local Municipalities	ZF Mgcawu District Municipality	Executive Mayor Cllr. A. Vosloo	Municipal Manager Directors Middle Managers

- Final IDP 2018/19 was approved in May 2018 in terms of Medium Term Strategic Framework outcomes as well as Municipal Standard Chart of Accounts (mSCOA) segments.
- Chapter 6 of the IDP outlines the linkage between the Municipality's strategic objectives and its long terms goals that find expression in the implementation of the Key Performance Indicators

Challenges

- Poor attendance of IDP Rep Forums meetings
- Sector departments don't submit their projects
- A clear link needs to be cemented between the IDP and Spatial Planning and Land Use Management Act (SPLUMA) compliant Spatial Development Framework (SDF) as the latter is key in promoting desirable land use within the Municipality (SDF needs to be reviewed)

4) CONCLUSION

In order to forge horizontal alignment between the District Municipality, its Local Municipalities and sector departments sufficient engagement is encouraged to ensure the capacity of the

category B Municipalities and service delivery is enhanced. Hence for the 2017/2018 round of public participation all role players gave sector departments the opportunity to be involved in the planning processes of Municipalities.

IDP PARTICIPATION AND ALIGNMENT CRITERIA	YES
DOES THE MUNICIPALITY HAVE IMPACT, OUTCOME, INPUT, OUTPUT INDICATORS?	YES
DOES THE IDP HAVE PRIORITIES, OBJECTIVES, KPIS, AND DEVELOPMENT STRATEGIES?	YES
DOES THE IDP HAVE MULTI-YEAR TARGETS?	NO
ARE THE ABOVE ALIGNED AND CAN THEY CALCULATE INTO A SCORE?	NO
DOES THE BUDGET ALIGN DIRECTLY TO THE KPIS IN THE STRATEGIC PLAN?	YES
DO THE IDP KPIS ALIGN TO THE SECTION 57 MANAGERS	YES
DO THE IDP KPIS LEAD TO FUNCTIONAL AREA KPIS AS PER THE SDBIP?	YES
WERE THE INDICATORS COMMUNICATED TO THE PUBLIC?	YES
WERE THE FOUR QUARTER ALIGNED REPORTS SUBMITTED WITHIN STIPULATED TIME FRAMES?	YES

COMPONENT D: CORPORATE GOVERNANCE

2.5 RISK MANAGEMENT

The Z.F. Mgcawu District Municipality recognizes Risk Management as an integral part of responsible management within the organization that must be implemented in an integrated manner within all departments, operations and processes with the overall objective of reducing risk, as far as reasonably practical.

The Risk Management Unit resides within the sphere of the Acting Municipal Manager and is responsible for coordination of all Risk Management activities in the District Municipality. The Risk Management Unit supports the achievement of objectives and reduces the chance of serious errors occurring.

The principal purpose of the Risk Management Unit, where available, is to facilitate, support and advise line management and employees in relation to the management of risk. It is not their responsibility to manage risks identified within a service. The management of risks is a line management function and responsibility.

A top down view is taken of the District Municipality so as to better understand the environment within which the District Municipality operates, in developing our understanding of the various activities of the Municipality.

The District's risk identification and managing process has taken an in depth look at the manner previously used to identify the source/root cause of what could hamper the achievement of objectives set by the District, which is captured in the Service Delivery and Budget Implementation Plan (SDBIP). The risk identified was done on an operational and strategic level. This was done on the following bases:

- 1) Both senior management and middle management participated in the process.
 - 2) The Risk Management Unit engaged with each middle manager on a one on one session, thereafter through joint departmental workshop.
 - 3) The risks were considered on a formal and informal manner.
- a) Formal:
- IDP;

- Budget;
- SDBIP;
- Current risks (Risks brought forward from the previous financial year)
- Previous year's findings raised by Internal Audit and External Audit

b) Informal:

- Risks identified as it arises through ongoing operations
- External influence on operations (e.g. Legislature; etc.)

4. Departmental workshop

- The risks was then scrutinized and,
- The ratings then took place (Risk matrix)

The Risk Register 2017 – 2018 was approved and adopted on 29 May 2017 by the Municipal Manager. The District also compiled action plans to mitigate the identified and captured on the 2016/2017 Risk Register. The risk was monitored by the Risk Management Unit on a quarterly basis, in which the responsible official/risk owner had to present evidence as proof of continuous monitoring of said risks. Random meetings of reporting to the Acting Municipal Manager were held. The culture of Risk Management has been adopted by the District Municipality, but can improve.

The Risk Management Unit will strengthen the District regions through support to the Category B-Municipalities. This, however, can only be successful with willing bodies, appropriate/adequate budget and determination.

The Risk Management Unit had the following governance documents adopted by council 30 March 2017

- Risk Management policy
- Risk Committee Charter
- Risk Management Strategic Document

Top ten risk high risks of the Z.F. Mgcawu District Municipality:

Risk no.	Component/ Unit	Objectives	Consequences	Root Cause	Risk	Department
a8	Assets	Monitor, record and safeguarding of Assets	Unforeseen financial implications and possible lapse in operations	Loss of municipal property (Unauthorized removal of assets from the building)	Possibility of fraud or theft	Finance Services
b1	Disaster management	Preventing, mitigating and preparedness of disasters	Possible loss of lives and the impact on the environment	Unforeseen Environmental and Human disasters	Possibility of human casualties and environmental disruptions	Community Services
b7	Housing	Successful Implementation of the approved business plans.	Possible loss of the level 2 Housing accreditation and funding for the District.	Expenditure from the housing vote which is not part of the business plan	Possible deviations from the approved business plans.	Community Services
c3	Human Resource Development (HRD)	Possible loss of funds from the LGSETA. Tax liabilities. Fraud. Audit Queries.	Possible attendance of non-accredited training providers.	Possible loss of funds (LGSETA)	Ensure that trainings attended are with accredited Service providers	Corporate Services
c6	HRM and payroll	To minimize fraud and corruption and compliance to section 67 act	Employees being paid outside the SAMRAS system resulting in possible fraud and corruption (Tax evasion; incorrectly calculated amounts;	Employees submit any request to payroll without the mandate of HR.	Possible non-compliance with the section 67 act from the Municipal systems act no 32. 2000 and regulations	Corporate Services

			etc.			
c10	Security	Theft of municipal property might occur.	Lack of implementing entrance control procedures by stationed officials	Possibility of Theft or fraud	Safeguarding of municipal property	Corporate Services
c12	Health and safety	To render occupational health and safety services according to the occupational health and safety act.	Non-compliance with all applicable legislation.	Insufficient budget for OHS	Possible non-compliance with the occupational health and safety act 85 of 1993	Corporate Services
d10	Fraud	Fraud prevention and detection	Mitigated fraud and corruption	Lapse in timeous reporting of identified fraud	Untimely reporting of identified fraud	Office of the Municipal Manager
d14	PMS	To set targets, monitor and review performance based on indicators linked to the Integrated Development Plan (IDP)	To assess whether the municipality is doing the right based on the targets set on the IDP	Lack commitment from departments to complete quarterly assessments on time	Untimely submission of performance reports to council might occur.	Office of the Municipal Manager
e1	Compliance	Maintain current audit opinion with the Auditor General	Regression of audit opinion and loss of municipal reputation.	MSCOA is a new environment for all municipalities and Provincial and National Treasury.	Regression in audit opinion and non-compliance with Mscoa circulars.	All departments

2.6 FRAUD AND ANTI-CORRUPTION

The prevalence of fraud in an organization will remain just that if concerted efforts to curb it are not made by the organization and its leaders. With the adoption of a Fraud Prevention Strategy and Plan, coupled with Anti-Fraud and Corruption Policies, the ZF Mgcawu District Municipality has taken it a few steps further.

Our policies and plans create an enabling environment for the development and continuing of anti-fraud behavior within our institution and giving assurance to the people that ZF Mgcawu District Municipality is serious in giving assurance to the workers and the people that we enforce sound financial and public service principles.

Through the implementation of these policies and regular fraud risk monitoring, the District Municipality manages the impact that possible fraud may have on the institution and public service subsequently. Fraud awareness levels are raised through annual and quarterly fraud awareness sessions within ZF Mgcawu District Municipality.

In its combat against all forms of fraud and corruption the District Municipality aims to remain pro-active in the fight against fraud as well. Our purpose therefore, through all these measures, is to communicate that the District Municipality is committed to eliminate fraud and that the District Municipality supports and fosters a culture of zero tolerance to fraud and all its activities.

In accordance with the policy the District Municipality identified procedures for reporting fraudulent and or corrupt activities and these include that every employee who becomes aware of fraud or acts of dishonesty must report this to his/her immediate supervisor. If the immediate supervisor is a party to the fraud, the next level of management must be informed. In addition to this the Office of the Accounting Officer and the Head Internal Audit must be informed.

There are certain important deterrents to fraud and corruption within the Municipality, such as: Division of duties

- Exclusion of politicians from procurement processes
- Internal Audit review of processes and adherence to process
- Fraud Registers for both employees and service provider
- Identification of fraud risks and monitoring and review thereof.
- Conducting quarterly fraud awareness program

2.7 SUPPLY CHAIN MANAGEMENT

In accordance with Regulation (6)(2) (a) (i) of the Municipal Supply Chain Management Regulations, we hereby submit the required report on the implementation of ZF Mgcawu District Municipality Supply Chain Management Policy for the period: 1 July 2017 – 30 June 2018.

Integrated Supply Chain Management aims to add value at each stage of the process – from demand of goods and services to their acquisitions, managing the logistics process and finally, after use, to their disposal. In doing so, it addresses deficiencies in current practice related to procurement and contract management.

SUPPLY CHAIN MANAGEMENT POLICY

The Supply Chain Management Policy was initially adopted on 12 March 2010 and revised twice. A review took place on 30 May 2014 as well as one on 30 January 2015. The Audit Committee requested a presentation to be made on 31 March 2015 on all the changes that have been made on the reviewed SCM policy. The latest SCM policy review took place on 31 May 2018.

The Bid committees held regular weekly meetings. Specification Committee meetings take place on Mondays, Evaluation Committee on Wednesdays and Tender Committee on Fridays.

IMPLEMENTATION OF MBD DOCUMENTS

All Municipal bid documents (MBD's) are in place in compliance with MFMA circular 25 and include specifications and evaluation criteria as recommended by the Specification Committee.

Challenges: Service providers not completing all municipal bid documents.

Proposed solution: Educate service providers on the importance of completion of municipal bid documents by holding workshops.

SUPPLY CHAIN MANAGEMENT UNIT (STAFF)

The staff complement of the Supply Chain Management unit is as follows:

1 X Assistant Manager SCM

1 X Assistant Accountant Procurement

2 X SCM Buyers

1 X Intern

TRAINING

On the 07 till 11 May 2018 the Supply Chain Unit was attending a Supply Chain training that was in Johannesburg on Municipal Finance Management Act and Procurement.

The Assistant Manager and Assistant Accountant Procurement has completed the Municipal Minimum Competency Training as mandated by the Municipal Regulations on Minimum Competency levels (Government Gazette 29967, 2007)

The two buyers of SCM are still busy to complete the municipal minimum competency training.

SUPPLIER DATABASE

According to Circular 81 all suppliers needs to be registered on the CSD (Central Supplier Database) by the 1 July 2016. The CSD will be administered by National Treasury. Suppliers not registered on the CSD will not be able to conduct any work and or render any services to or for the District Municipality.

The Supply Chain Management Unit is continuously improving its processes and procedures in order to ensure that Council receives value for money in terms of demand and acquisition management and to maintain clean administration.

APPROVED TENDERS:

TENDER 01 – 2017/2018	The ZF Mgcawu District Municipality hereby calls for proposals to appoint a professional services provider to project, manage and deliver training services leading to certification of learners in specified learning programmes as follows:	TAG
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APPROVED PRICE WRITTEN QUOTATIONS**Price written quotation register 2017-2018**

#	<u>Quotation nr</u>	<u>Date advertised</u>	<u>Date closed</u>	<u>Date awarded (order)</u>	<u>DESCRIPTION</u>	<u>Quotation AWARDED TO</u>	<u>Quotation amount</u>
1	Quotation 1-2017/2018	15-Aug-17	24 Aug-17	06/09/2017	WRITTEN PRICE QUOTATION ESET ENDPOINT YEAR RENEWAL	URB ICT	R37 500
2	Quotation 2-2017/2018	15-Aug-17	24-Aug-17	07/09/2017	WRITTEN PRICE QUOTATION FOR 95 PERFORMANCE MANAGEMENT GIFT VOUCHERS	SORORIBUS	R41 022
5	Quotation 5-2017/2018	7-Dec-17	18-Dec-17	22/12/2017	WRITTEN PRICE QUOTATION FOR CLEANING OF MIER, ASKHAM.	Monalisa Catering	R183 200
6	Quotation 6-2017/2018	7-Dec-17	18-Dec-17	22/12/2017	WRITTEN PRICE QUOTAION FOR CLEANING OF ROSEDALE, PROGRESS AND PABALELLO	Rabah General Trading	R129 000
9	Quotation 9-2017/2018	29-Jan-18	06-Feb-18	13/03/2018	WRITTEN QUOTATION FOR UPGRADE OF HEAD OFFICE KITCHEN	OLWENTHUN	R55 000
11	Quotation 10-2017/2018	29-Jan-18	06-Feb-2018	21/02/2018	WRITTEN QUOTATION FOR UPGRADE OF MSCOA AFS REPORTING TOOL	Ducharme Consulting	R17 5560
14	Quotation 14-2017/2018	8-March-18	16-March-18	28/03/2018	WRITTEN QUOTATION FOR UPGRADE OF INTERNET	URB ICT	R144 778.95

2.8 WEBSITE

Municipal Website : Content and Currency of Material	
Documents published on the ZFM Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	YES
All current budget-related policies	YES
The previous annual report 2016/2017	YES
The annual report 2017/2018 to be published	YES
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 1) and resulting scorecards	YES
All service delivery agreements 2017/2018	YES
All long-term borrowing contracts 2017/2018	YES
All supply chain management contracts above a prescribed value R100 000 for 2017/2018	YES
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2017/2018	YES
Contracts agreed in 2017/2018 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	YES
Public-private partnership agreements referred to in section 120 made in 2017/2018	YES
All quarterly reports tabled in the council in terms of section 52 (d) during 2017/2018	YES

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

In terms of Section 75 (1) of the MFMA, Municipalities are required to place certain documents on their website. The ZF Mgcau District Municipality has a fully functional website which is maintained and updated by the Communication Unit. The system has proven to be effective and it also serves as a means of providing evidence if required about the content management of the website. The website consists of more than just legislative information, it shares information about the functions of the municipality, projects and means by which the community can contact the municipality.

2.9 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

PUBLIC SATISFACTION LEVELS

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

2.10 OVERSIGHT COMMITTEE

The District Municipality has done away with Oversight Committees as there is now a Municipal Public Accounts Committee in place.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

3.1 HOUSING

The Housing Unit of the ZFM District Municipality has been engaged with all the Local Municipalities, rendering support in the implementation mandate for the District to deliver housing within the framework of sustainable human settlements. The support that is continuously given to the Municipalities ranges from the Consumer Education to collecting of information regarding the housing needs in each Municipality for the housing needs database which gives an indication of how many houses should be built per municipal jurisdiction.

We also gave support with regard to the implementation of the housing projects including quality control on the projects. However there are still some challenges that we are experiencing in the process of resolving surrounding the implementation of new projects and running projects that are taking time to complete. These projects have a total of subsidies that were approved by Province as directed by the demand database and are implemented in phases through allocations in each financial year.

The Housing Unit together with Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) visited the Municipalities to discuss with them the information regarding the Project Pipeline and Project Readiness Matrix which will enable identified project that are ready to receive funding and commence with the implementation of the projects. This will also allow the District Municipality to fulfill its accreditation mandate.

Accreditation

The amalgamation of the former Mier and //Khara Hais Municipalities has limited the responsibilities of the District Municipality to perform housing functions on behalf of the 4 unaccredited Municipalities from 5 Municipalities which included Mier Municipality. Mier Municipality is now under Dawid Kruiper Municipality which is an accredited Municipality. The

Dawid kruiper is also known as the former //Khara Hais. The District is in the process of forming the Allocation Committees with the Kai! Garib, !Kheis, Tsantsabane and Kgatelopele Municipalities that will be responsible for allocating the criteria for beneficiaries of new projects since the Waiting list is no longer used in beneficiary allocations. The District currently had a Housing Committee which sits every quarter and is chaired by the Chairperson of the Service Delivery Committee.

Housing Consumer Education

The Housing Unit conducted housing Consumer Education in Kgatelopele, Tsantsabane, Kheis and Kai! Garib Municipalities including the former Mier municipal area. The Housing Consumer Education was conducted to the beneficiaries of all the running projects.

Training and Workshops

- Consumer Education is a national priority programme and has its main aim to educate all beneficiaries who have received houses from the government since 1994, train housing officials on site and evaluate the quality of the facilitation of the session.
- Different modules are presented to the community as per the manual and a session of questions and answers relating to housing are facilitated by Senior Housing Officials and Technical officials. Officials were identified and trained to be facilitators, trainers and evaluators with different roles to perform in a session.
- Executing the program focusing mainly on facilitating and this is rolled out on a monthly basis to all Municipalities jointly with running projects.
- Currently only focusing on current beneficiaries and all other house owners are excluded- one session cannot accommodate more than 50 people.
- Consumer Education is the responsibility of the District Municipality after our accreditation has been approved. We are regularly embarking on training campaigns in conjunction with the Local Municipalities and the Regional Department of Human Settlements

• **Projects in the ZF MGCAWU District**

Lennertsville 50 Houses
Kenhardt 116 Houses
Keimoes 170 Housee
Tsantsabane Maranteng 50 Houses (Part of Maranteng 300)
Groenwater 50 Houses (Part of Groenwater 485)
Groenwater Sanitation Project for 235 Stands
Skeifontein 185 Toilets and Water Connections including two high mast lights
Postmasburg 4460 Mix development
Grootdrink 50 (Part of Grootdrink 248)
Wegdraai 50 (Part of Wegdraai 178)
Sterharm
Boegoeberg Geo-Tech
Grootdrink Geo-Tech
Topline Geo-Tech
Wegdraai Geo-Tech
Andriesvale Town Planning
Noenieput 100 (planned sites)
Mier 40 Individual Subsidy houses Various Towns
Mier 13 Individual Houses
Danielskuil Dolomite Investigation

3.2 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

LED Strategy

The LED Unit decided to review its current LED Strategy. In reviewing any strategy normally high cost are involved. The Unit decided to request assistance from Department of Economic Development and Tourism (DEDaT) as we did some introspection reflecting on our level of expertise as well as our current financial situation. DEDaT responded positively and a team was immediately assembled which comprised out of officials of the LED Unit and the Regional Manager of DEDaT but most importantly headed by the Provincial Manager of DEDaT. A desktop scan was conducted together with consultation sessions with various communities from all Local Municipalities in an attempt to gather relevant economic development information for the compilation of the LED strategy. Inputs from communities were captured and a draft was tabled to Council during January 2018. Council was relatively happy with the work done at that point and time but made certain recommendations to be included. The team worked on those highlighted areas of improvements and came up with a final document which was presented to Council May 2018. The Council adopted the final LED strategy and the District is now in possession of a newly developed LED Strategy.

Economic Growth and Development Fund (EGDF)

The 2017/2018 financial year was the first time ever that the District was involved in the processes of the EGDF application for the full duration thereof. We need to applaud DEDaT for taking such an approach as we learned quite a lot throughout these types of experiences. The advert was placed by DEDaT and applications were submitted to the district's LED Unit. The process was an open process for all emerging and existing businesses within the District. We've received quite a number of applications and compiled a shortlist of all applications. The relevant documentation as stated in the advert together with the longlist were submitted to DEDaT for further processing and screening. Subsequently interviews followed at the District Municipality with a panel comprising of the key stakeholders from the Province as well as the LED Unit officials. Final assessments were made based on the presentations from the applicants. Successful applicants received their respective funds from DEDaT during March 2018.

Green Kalahari Tourism Brochure

The Green Kalahari recently redeveloped its tourism brochure. This was achieved through assistance from NCTA. Much work was put into the gathering of the information for the development such a wonderful masterpiece from across the Green Kalahari. The unit realized that in order to be competitive we need to capture as much as possible but also as relevant as possible information within the brochure. The brochure can be found at the Tourism information office.

Tourism Awareness Campaign

The Tourism Awareness Campaign took place on Friday, 29 September 2017 on the N14 (Olifantshoek road) and focused on creating awareness of tourism activities available to tourists in and around Upington. Welcoming packages comprising of tourism information, brochures and products from ZF Mgcawu District Municipality were distributed to tourist traveling along the N14.

Visitors were welcomed into the region with the assistance of Dawid Kruiper Traffic Services which includes a German tour group consisting of 27 visitors, 28 North West, 43 Western Cape, 57 Gauteng, 12 Free State, 6 Mpumalanga, 11 from other areas of the Northern Cape and 6 from Namibia. A further 16 welcoming packages were also distributed at Upington International Airport. The content of the welcoming packages were made possible through the generosity of the following sponsors, Orange River Cellars Tasting Room, Bezalel Wine Estate, Parmalat, Wikkie`s Vleishuis and Northern Cape Tourism Authority and Pick n Pay and the District Municipality

It is imperative as a Tourism Unit to never stop showcasing the unique tourist offerings we do possess within the Green Kalahari. Quite often we tend to underestimate the impact the Tourism sector has on our economy. We need to ensure that by all means the Green Kalahari remains a tourism destination of choice.

Facility Visits

During December 2017 the Tourism Office undertook the initiative to visit some tourism facilities across the region. The emphasis of regularly conducting facility visits has been stressed at numerous tourism platforms with both National Department of Tourism as well as the Provincial Tourism Department. As tourism officials it is imperative to firstly understand what a particular product has to offer as well as the condition it finds itself in. How would you be able to make referrals if you are not fully informed about a particular tourism product offering?

Tourism Capacity Building Training

Tourism SMME's within the ZF Mgcawu District Municipality has been trained during 22 and 23 February 2018 as part of the 3 year support agreement with the National Department of Tourism. 111 Individuals attended the capacity building workshop at the Desert Palace Casino Upington from across the District.

Mier Tourism SMME Incubator Program Launch

The launch took place on Tuesday, 20th March 2018 at the Desert Palace Casino. A panel for identifying the 50 (Tourism SMME`s) participants of the Tourism Incubator comprises of officials of the ZF Mgcawu District Municipality, Dawid Kruiper Municipality and the National Department of Tourism. There were around 150 SMME`s in attendance. This program is part of the Support Program for SMME`s between National Department of Tourism in collaboration with the Department of Economic Development and Tourism (Northern Cape) and Municipalities (ZF Mgcawu District Municipality and Dawid Kruiper Municipality). This is the 3rd Tourism Incubator Program that was launched in South Africa.

Africa's Travel Indaba

Africa's Travel Indaba is one of the largest tourism marketing events on the African calendar and one of the top three 'must visit' events of its kind on the global calendar.

It showcases the widest variety of Southern Africa's best tourism products and attracts international buyers and media from across the world. Africa's Travel Indaba is owned by South African Tourism and organized by Synergy Business Events (Pty) Ltd.

Africa's Travel Indaba has won the awards for Africa's best travel and tourism show. This award was presented by the Association of World Travel Awards.

The International Trade Indaba took place during the 07-10 May 2018 at the International Convention Centre Durban. The ZF Mgcawu District Municipality Tourism Unit decided in order to save cost that a stall should be shared with Dawid Kruiper Municipality and it happened accordingly. The two Municipalities represented the Green Kalahari well during the trade show and happened to display our unique tourism offering as well as displaying some products manufactured by local tourism crafters. An approximate of 880 visitors visited our stall and 32 Tour Operators had intended to visit the Green Kalahari. We've also conducted a competition jointly with NCTA and it was well attended and attracted a lot of interest and enquiries relating to the Green Kalahari.

3.3 SPATIAL PLANNING AND LAND USE MANAGEMENT (SPLUM)

The ZF Mgcawu District Municipality Joint Municipal Planning Tribunal, established in terms of the Spatial Planning and Land Use Management Act, 16 of 2013, is currently hosted by ZF Mgcawu District Municipality to ensure that quarterly tribunal sittings take place to dispose of land development applications submitted to the Local Municipalities. The establishment of the tribunal was the responsibility of the ZF Mgcawu District Municipality, and the following had to be completed.

Collective agreement on parties to tribunal	Meetings with all parties (Municipalities)
Council Approval by all parties to the agreement	<ul style="list-style-type: none"> • Financial constraints by locals • Memorandum of Understanding (MoU) • Call for Nominations • Invite members • Evaluation panel on members • Bylaws adopted
Memorandum of Understanding signing	All parties signed Memorandum of Understanding
Call for Nominations and Invite	Adverts published by ZF Mgcawu District Municipality
Evaluation panel	Panel convene on members
Notice of readiness	Adverts published by ZF Mgcawu District Municipality
Training to members	ZF Mgcawu District Municipality provide training

The District Municipality ensures that all Land Development Applications are complete for consideration as prescribed by Spatial Land Use Management Act, and that recommendations are provided by the Professional Town Planner. ZF Mgcawu District Municipality has however become responsible for all processes regarding the lodgment of Land Development Applications and ensures that the Land Development Applications are complete to be considered by the tribunal.

Land Development Applications may be complex documents with other legislation and departments affecting the application. Applicants submitting applications are constantly requesting assistance and information on Land Development Applications, and are not

sufficiently assisted by the Local Municipalities due to officials not capable of providing the needed assistance. These applicants have to be guided by the ZF Mgcawu District Municipality to ensure that applications are complete as per Spatial Planning and Land Use Management Act. The Land Use Management Bylaws adopted by all the locals are confusing to most applicants due to numerous reasons, including;

- Newly implemented Spatial Planning and Land Use Management Act Regulations,
- Town Planning in some locals enforced according to old LUPO Section 8 Scheme Regulations,
- Northern Cape Planning and Development Act is in process of being repealed by SPLUMA,
- Other legislation influencing applications (NEMA, Deeds Registers, Bonds, Power of Attorney, Mineral Act, etc.),
- No objections from Departments,
- Public Participation procedures,
- Notices to affected parties,
- Removal of restrictive conditions,
- Application fees and Capital contributions,
- Surveyors Diagrams
- Act 70 of 1970 Subdivision of Agricultural Land,
- Applicants not registered with the South African Council for Planners (SACPLAN) and,
- Local Municipalities not implementing adopted Bylaws.

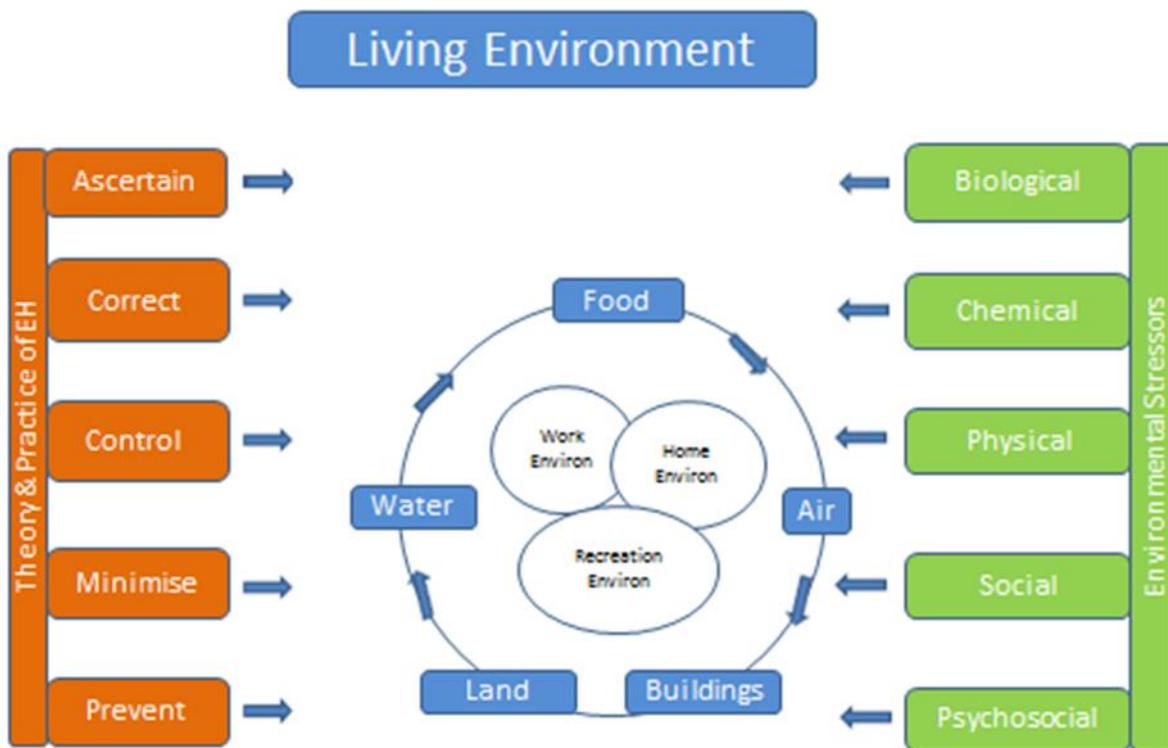
Other Support provided by the ZF Mgcawu District Municipality also includes the following:

- Assistance to Local Municipalities in establishing appeal tribunals and adoption of appeal procedures,
- Training on Spatial Planning and Land Use Management Act related matters,
- Draft capital contributions for all land development applications,
- Evaluation of Spatial Development Frameworks,
- Evaluation of Land Use Schemes,
- Adoption of Land Use Management Bylaws in terms of Spatial Planning and Land Use Management Act,
- Inputs on township establishment by the Department of Cooperative Governance, Human Settlements and Traditional Affairs,
- Signing of Memorandum of Understanding,
- Member on committees responsible for review of Spatial Development Frameworks and Land Use Schemes.

3.4 ENVIRONMENTAL HEALTH SERVICES

Environmental Health comprises those aspects of human health, (including the quality of life) which are determined by physical, chemical biological, social and psycho-social factors in the environment. It also refers to the theory and practice of ascertaining, correcting, controlling, minimizing and preventing those factors in the environment that can potentially have an adverse effect on health of the present and future generations.

The figure below describes the definition of environmental health as mentioned above



Area of jurisdiction

ZF Mgcawu District Municipality rendered environmental health services in the Dawid Kruiper, !Kheis, Kai! Garib, Tsantsabane and Kgatelopele Local Municipal areas during the financial year 2017/18.

Current operations

There are 8 Environmental Health Practitioners (EHPs) operating in the ZF Mgcawu District Municipal area with one vacancy. Of these EHPs, 3 are in management positions, which leaves 6 operational EHPs (if the vacant post is filled) that gives an average of 1 EHP to every 39463 of the population. The national norm is 1 EHP to every 10 000 of the population.

This risk was added to the Risk Register

The operations of environmental health form part of the Integrated Development Plan and comprise the rendering of Municipal Health Services in the region, according to the Scope of the profession of Environmental Health as described in Regulation No. R. 698 of 26 June 2009. The scope of practice of environmental health applies the definition of environmental health to the following environmental health elements:

- Water monitoring
- Food control
- Waste management and general hygiene monitoring
- Health surveillance of premises
- Surveillance and prevention of communicable disease, excluding immunizations
- Vector control monitoring
- Environmental pollution control
- Disposal of the dead
- Chemical safety
- Noise control
- Radiation (Ionising and non-ionising) monitoring and control
- Control and monitoring of hazardous substances.

Planning

The Environmental Health Unit compiles an annual strategic operational plan for every financial year and this Environmental Health Strategic Plan 2017/18, guided the operations of the Environmental Health Unit in the ZF Mgcawu District Municipality. Every Environmental Health Practitioner compiles a weekly plan that is informed by the following:

- Integrated Development Plan
- Strategic Objectives of the Environmental Health Strategic Plan 2017/18
- SDBIP Performance Plan of the Environmental Health Unit in the ZF Mgcawu District Municipality
- Environmental Health Data Base in the ZF Mgcawu District Municipality
- Scope of Practice for Environmental Health Practitioners
- Environmental Health Norms & Standards

Current trends

- Stakeholder and client input

Reporting

The Environmental Health Unit reports on its operations as follow:

- Monthly District Health Information System to the Department of Health.
- Monthly to the Mayoral Committee of the ZF Mgcawu District Municipality.
- Quarterly to the Portfolio Committee and Technical Intergovernmental Relations Forum of the ZF Mgcawu District Municipality
- Quarterly a comprehensive Environmental Health Report is tabled at every Local Municipality where the ZF Mgcawu District Municipality renders an environmental health service and these Environmental Health Quarterly Reports addresses all issues under the scope of practice for Environmental Health Practitioners.

Evaluation

Operations and production of the Environmental Health Unit as indicated in the Integrated Development Plan and then unpacked in the SDBIP, is reviewed quarterly through the Performance Management and SDBIP evaluation systems on all environmental health operations in the ZF Mgcawu District Municipality. There is also a Risk Management profile for the Environmental Health Unit in the ZF Mgcawu District Municipality and the control measures on that is also monitored quarterly.

Auditing

The Environmental Health Unit was also audited by the Internal Audit Unit of the ZF Mgcawu District Municipality

National Department of Health did an audit on the National Environmental Health Norms and Standards in the ZF Mgcawu District Municipality during June 2018 and the engagement from that audit is expected soon.

State of Environmental Health in the ZF Mgcawu District Municipality

The ZF Mgcawu District Municipality at present does not have the ability to sustain an efficient Environmental Health Service.

Although we are faced with severe personnel and financial shortage the Unit does its best to perform in the following health indicators:

- Water – Water quality management.

- Sanitation – State of general sanitation in the community and management of sewage treatment works.
- Waste Management – Waste site management, clean environment and health care waste management.
- Food control – Regular inspections of food premises & compliance to Regulation R962 regarding hygiene on food premises.
- Hygiene – General hygiene of premises and the state of environment at schools and Early Childhood Development centres.

3.5 DISASTER MANAGEMENT

NAME OF THE DISTRICT- ZF Mgcawu District Municipality

Monitoring and Reporting Tool

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
KPA: Integrated Institutional capacity for disaster management established Disaster and Fire Services Management	Integrated Institutional capacity for disaster management established	Municipality with a functional Disaster Management Centre established	Disaster Management Centre building meets the minimum infrastructure requirements	No progress	No budgeted	No Budgeted	Completed business plan in order to seek money for the establishment of a disaster centre
			Head of the Disaster Management Centre appointed	HOC not appointed	No budgeted	No budgeted	

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
	Disaster Management Forum established	Disaster Management Advisory Forums operational	Disaster Management Advisory Forums established and functional	A Disaster Management Advisory Forums established and functional		Poor attendance of stakeholders	Letters to be send to Department Heads as well as municipalities for poor attendance
			Register of multi-sectoral participants established and maintained	We do have a list of multi sectorial participants			
KPA 2: Disaster Risk Assessment	Disaster Risk assessment conducted	Municipal risk profile developed and updated	Priority Risks identified	Risks identified in the Disaster Risk Management Plan			Risks identified in Disaster Risk Management

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
							nt Plan
			Disaster risk assessment for specific known hazards undertaken and documented as per national standards	Disaster Risk Assessment conduct			Disaster Risk Assessments documented part of the Disaster Risk Management Plan
			Municipality has a register of vulnerable households i.e. persons with disabilities, the aged, child-headed households and women reviewed annually (this must also be aligned with the municipal indigent	Do not have a register			Ongoing

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
			register)				
KPA 3: Disaster Risk Reduction	Disaster Risk Reduction Plans developed and implemented	Municipal Disaster Management Framework established and implemented.	Each district municipality must develop a disaster management framework.	In Process to Review District Disaster management Framework			District Disaster management Framework reviewed and approved by council -30 March 2017
		Municipal Disaster Management Plan that incorporates climate change adaptation developed and submitted to the PDMC	Each municipality to develop a disaster management plan that becomes part of its IDP. The plan must give priority to the core principles	In Process to Review and update the District Disaster management Plan in Draft			District Disaster management Plan reviewed and update and

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
			of prevention, mitigation and preparedness, response and recovery mechanisms The plan should be in line with national and provincial guidelines and meet the level 1,2 and 3 plans requirements				approved by council 1-30 March 2017
		Seasonal contingency plans developed and submitted to the PDMC	Simulation of plans at least once a year	We do have a simulation once a year			
		Operational plans for specific events developed and submitted to the PDMC	Simulation of plans at least once a year	We do have a simulation once a year			

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
<p>KPA 4: Response and Recovery</p>	<p>Disaster response and recovery standard operating procedures developed and implemented</p>	<p>Disaster response and recovery standard operating procedures developed and approved by Municipal Council</p>	<p>Each municipality should have guidelines for:</p> <ul style="list-style-type: none"> • On-site assessment of a disaster • Process of classification and declaration • Relief measures which includes among others: mobilisation and deployment of volunteers and other multi-sectoral stakeholders 	<p>We do have guidelines for disaster response and recovery operating procedures</p>			
<p>Enabler 2: Education,</p>	<p>Education, training and</p>	<p>Annual Plan on Education and</p>	<ul style="list-style-type: none"> • Adopted Disaster 	<p>Do not have a public</p>			<p>Will compile</p>

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
training, public awareness and research	public awareness plans developed and implemented	Public Awareness developed and implemented	management Public Awareness Annual Plan	Awareness Annual plan			e a Disaster Management Public Awareness Annual plan
			<ul style="list-style-type: none"> Identify and train disaster management volunteers, councilors and traditional leaders 	Do identify and train disaster management volunteers, but not councilors and traditional leaders			Will get the buy in of SALGA for training of councilors and Traditional Leaders
			<ul style="list-style-type: none"> Conduct public awareness 	Do conduct public awareness,			Do conduct

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
			education and training for communities (especially vulnerable communities)	education and training for communities			public awareness, education and training for communities
Enabler 3: Funding arrangements for disaster management	Funding mechanism for disaster management established	Municipality has allocated funding for disaster risk reduction, response and recovery	<ul style="list-style-type: none"> Allocated budget for disaster risk reduction, response and recovery in terms of the National Treasury threshold regulations 	No budgeted			No budgeted
			<ul style="list-style-type: none"> Quarterly reporting on the expenditure of own funding 	Do not budget for Disaster management			

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
			<ul style="list-style-type: none"> Quarterly reporting on funds transferred by National Government 	Do not budget for Disaster management			
	Monitoring, reporting and Evaluation	Municipality has established an M&E system to monitor and measure performance of disaster management plans, prevention, mitigation and response initiatives	<ul style="list-style-type: none"> Monitoring and evaluation processes are conducted in line with the NDMC M&E framework Quarterly reports on performance of the disaster management Centre are prepared and 	Yes			
			<ul style="list-style-type: none"> Quarterly reports on performance of the disaster management Centre are prepared and 	Do submit quarterly reports to council			

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
			presented to the Council and Advisory Forum meetings.				
Fire Brigade Services	Fire Brigade Services established and operational	Municipal Fire Brigade services established and operational	Municipal Fire Brigade services established, funded and operational	Yes	Budget constraints	Do not have the capacity. Do not have sufficient manpower and or trained staff. Do not have sufficient equipment to deal with fires .	

3.6 INFORMATION TECHNOLOGY

Priorities of the unit:

- Information Technology Risk Management
- Information Technology Security Management
- Value and Service Delivery
- Safeguarding of Information Technology Assets
- Disaster Recovery and Continuity of Operations
- Support to B Municipalities
- Improvement of Information Technology Audit

Masures of the Information Technology Department for the year to improve performance.

1) Improvements to the Information Technology Infrastructure

- Continuous improvement of the Information Communication Technology (ICT) infrastructure systems of the ZF Mgcawu District Municipality during 2017-2018.
- The internet connection via Telkom was a challenge; therefore the infrastructure was upgraded to metro Ethernet connection via antenna and an Fiber connection, resulting in better internet connection uptime delivery. The process was completed on 4 April 2018.

2) Policies and procedures that were implemented:

- No new Information Technology Policies were approved however all existing Policies were reviewed during 2017-2018.

3) Information Technology Department Capacity

- Information Technology Interns were appointed by Human Resources to assist the Information Technology Department for 2 months. These interns were studying partly via Department of Education training program. The ZF Mgcawu District Municipality will

try and make use of Information Technology interns on a regular basis, to minimize the personnel cost and transfer skills to other people.

4) Information Technology Meetings and Reporting Structures

- Steering Committee and Information Technology Advisory Committee meetings held on quarterly basis to address Information Technology functions and monitor progress of Information Technology audit recovery.
- Information Technology forms part of the Information Technology Risk Management Committee and Audit Committee, where Information Technology reports on Risks and Audit issues

5) Information Technology Support to B Municipalities

- Security assessments were completed for the B Municipalities during the 2017-2018 year. This process monitors and improves controls.
- Assistance was given to Kai! Garib Municipality to advise them on the restructuring of their Department’s organigram, the job duties and responsibilities.
- Assistance was given to Kgatelopele Municipality regarding the appointment of a qualified senior Information Technology official. ZFM’s IT Manager assisted with the interview questions and formed part of the interview panel.
- Quarterly IT Advisory meetings were held to assist, advise, support, monitor of IT functions within B Municipalities in the District.

6) Training

- No training was provided for 2017-2018.

7) DPSA Implementation

- Council has approved the Municipal Corporate Governance of Information and Communication Technology Policy on 31 May 2016 and implemented the according phases outlined, see status below.

Phase 1 (Enablement Phase):

Objective	Status
1.Municipal Corporate Governance of ICT Policy	Implemented
2.IT Governance Champion	In place
3. Information and Communication Technology Manager	In place
4. IT Risk Management policy	Implemented (Risk IT)
5. Internal Audit Plan	Implemented
6. ICT Management Framework	Implemented (Cobit 5)
7. Portfolio Management Framework	Implemented (Prince 2)
8. ICT Disaster Recovery plan	Implemented
9. Data Backup and recovery policy	Implemented
10. Service level agreement management policy	Implemented
11. User Access management policy	Implemented

12. ICT Security Controls policy	Implemented
13. ICT operating system security controls policy	Implemented

Phase 2 (Strategic Alignment): to be completed by June 2019

Objective	Status
1. Enterprise Architecture	In process
2. ICT Migration plan	In process
3. ICT Strategy	ICT Strategic policy and plan aligned with SDBIP, IDP.
4. ICT Performance indicators	ICT performance measured via SDBIP

The IT Department is busy implementing phase 2 for the 2018-2019 financial year. SALGA will provide assistance with the implementation of these phases to the District Municipality and the B Municipalities.

8) Challenges Experienced

- The offsite Disaster Recovery location that hosts the secondary infrastructure for disaster recovery services are too close to main office building, therefore it was recommended to acquire an alternative offsite location which is further away.
- A tender was advertised out for office space accommodation, unfortunately no tender was successful. The tender has now been re-advertised.
- IT are in process with the assessment regarding the infrastructure needs.
- Funding is needed to move the offsite to a new location and provide it with connectivity to the main building.

3.7 PROJECT MANAGEMENT

The Project Management Unit (PMU) is responsible for implementation of infrastructure related projects from any of these sectors. The Allocations of funds towards these programmes will give an indication of which sector to be implemented. Municipalities are allocated grants at different sectors for development in the District to enhance service delivery and improvement of the lives of the people in the communities. The District received funding in the 2017/18 financial year for implementation of Extended Public Works Programme (EPWP) and Rural Roads Asset Management System (RRAMS).

Municipal Infrastructure Grant (MIG)

The District Municipality does not receive the grant directly but monitors the use of the infrastructure grant through the Executive Mayoral Committee, Standing Committees and other Intergovernmental Relations Meetings.

The District as a whole has improved significantly in the utilization of Grants for service delivery.

The Municipal Infrastructure Grant (MIG) aims at improvement of bulk services and access to basic to services to the communities. The investment made by government in providing services is a huge investment, which requires also careful attention to be given in the maintenance of the infrastructure. This means for every rand spend on the services, the Municipality needs to budget for maintenance of the infrastructure. Without proper maintenance the infrastructure may lose the value quickly than the designed period. The assessment which needs to be conducted is that the infrastructure receives necessary attention to keep its standard at an acceptable status.

1.1. Overview of grant allocation for 3 years

Municipality	2015/16		2016/17		2017/18		Total 5 year investment †
	Allocation	Expenditure	Allocation	Expenditure	Allocation	Expenditure	
Mier LM	R6 780 000	R6 780 000					
Kai! Garib LM	R13 789 000	R13 789 000	R23,895,000	R23,182,625.40	R 22 744 000.00	R 14 444 769.35	
Kheis LM	R10 485 000	R10 445 653	R10,202,000	R 8,765,455.57	R 10 798 000.00	R 9 324 279.72	
Tsantsabane LM	R15 159 000	R15 159 000	R26,833,000	R22,253,277.50	R 11 740 000.00	R 7 185 079.26	
Kgatelopele LM	7 931 000	R7 931 000	R20,673,000	R9,950,042.11	R 26 099 000.00	R 15 625 785.84	
KHara Hais LM	R11 437 000	R11 437 000					
Dawid Kruiper LM					R 19 607 000.00	R 12 284 765.68	
ZF Mgcawu DM	R65 581 000.00	R65 541 653.33	R62 997300	R64 151 400.58	R 90 988 000.00	R 58 864 679.85	

1. Rural Roads Asset Management System Grant (RRAMS)

The purpose of the grant is to assist Rural District Municipalities to set up RRAMS, and collect road, bridge and traffic data on municipal road network in line with the Roads Infrastructure Strategic Framework for South Africa (RISFSA).

It aims to improve data on municipal rural roads to guide infrastructure maintenance and investment which will also improve the operating cost of vehicles and extend the life span of their vehicles.

- Outcome 6: An efficient, competitive and responsive economic infrastructure network
- Outcome 7: Vibrant, equitable, and sustainable rural communities contributing towards food security for all.
- Outcome 9: Responsive, accountable, effective and efficient local government.

The attributes, extent and location of assets are too considered based on existing data available at the time of the RRAMS programme initiation and the observation of the assets identified in the field during data collection activities. The development of asset inventories and fixed asset registers (FAR) should conform to national guidelines.

The consideration of ownership of roads should also be made as part of the development of the asset inventory. This consideration is required in order to determine the need to redefine the ownership of roads. New roads may be identified which require proclamation while existing roads may require re assessment of ownership.

Asset data will be used in developing road and bridge maintenance needs and future budgets. It is also recommended that field data collection operations be carried out using electronic data and be centralized in the District Municipality for planning and future development.

1.1 Road Inventory Data

Local Municipality	Percentage completed	Comment
//Khara Hais	50%	Only Upington and small nearest towns left
Kai !Garib	85%	Field Work Complete, data processing
Mier	85%	Field Work complete, data processing
Kgatelopele	20%	Field Work not yet complete
!Kheis	85%	Field Work Complete, data processing
Tsantsabane	85%	Field Work complete, data processing

1.2. Visual Assessment Data

Local Municipality (LM)	Percentage completed	Remarks
Mier	100%	Verification by LM Required (Dawid Kruiper LM)
Tsantsabane	100%	Verification by LM Required
Kgatelopele	100%	Verification by LM Required
!Kheis	100%	Verification by LM Required
Kai !Garib	100%	Verification by LM Conducted in July 2017
//Khara Hais	100%	Verification by LM Required (Dawid Kruiper LM)

1.3. Traffic Count Data

Local Municipality	Percentage completed	Comments
Dawid Kruiper (Mier and Khara Hais) LM	0%	The traffic count will conducted in the 2018/19 financial year
Tsantsabane	90%	The data has been collected manually by traffic count enumerators in Postmasburg and it Is captured and already converted into AADT by Graduates.
Kgatelopele	0%	The Municipality is planned to be assessed in 2018/19
!Kheis	90%	The data has been collected manually by traffic count enumerators in Groblershoop and it Is captured and already converted into AADT by Graduates
Kai !Garib	90%	The data has been collected manually by

		traffic count enumerators in Keimoes and Kakamas and it Is captured and already converted into AADT by Graduates.

2. Khotso Pula Nala

The District Municipalities was allocated R 3 000 000 for the 3 Municipalities Mier, Kheis and //Khara Hais Municipalities. The grant aims to improve and rehabilitate our infrastructure, eradicate the employment challenges in our disadvantaged communities.

3. Progress Data

Municipality	Allocation	Status	Remarks
//Khara Hais	R 1 000 000	45% Complete	Cleaning of Towns (Raaswater and Kalksloot
Mier	R 1 000 000	30% Complete	Cleaning of towns in Rietfontein,
!Kheis	R 1 000 000	Complete	Complete

4. Garib Cleaning

The Project also created work opportunities for the Garib Area. The Kheis Municipality is responsible for this and for many years have struggled with the removal of piles of stones on the roads within the Garib area. The project appointed a contractor to remove the piled stones on the roads.

5. Extended Public Works Programmes

The EPWP Programmes also aims in the uplifting of communities by eradicating poverty in a small scale and address daily income needs with the disadvantaged communities. The EPWP Targets for 2017/18 were 127 Job opportunities and 21.53 FTEs, in all job creation projects and for the Incentive grant 7 FTEs as represented in the table below.

The EPWP programme faces many challenges due to the fact that it aims at equipping community members at times with not suitable skills or knowledge and background. The District strive to advance the program of the Council to improve the lives of the people however the main challenge is that the funding available is very poor for the District, such that projects with major impacts are not done by the District.

The District currently receives only one grant for the 2018/19 financial year and that means we are only going to focus on delivery of the expected job creation from one source. The District function to support the Local Municipalities are suffocating and faces a risk of being non-functional due to the reduced funding for programmes at the District level.

6. Upgrading of Offices - ZF Mgcawu DM offices

The kitchen in the office of ZF Mgcawu District Municipality was upgraded due to the serious aging failure on the sink cupboard and the wall tiles and the ceiling boards. The Contractor appointed was requested to employ local laborers and refurbish the kitchen which was a new contractor in the business.

Old Sink



New Sink



7. Tiling

There were two offices which were tiled after removing the old carpets and replaced it with tiles as it was becoming a health risk as the carpet dust was noticed.

8. Registry room

The Auditors found that our filing system was not fully secured and through the job creation program we employed local workers to make the archives safer with safety bars. 3 People worked on this project.



9. Painting -External Upgrading

The District Municipality hold the image of the region and without proper maintenance it is very rare that people will find interest to reach to our Municipality for investment or social life. That is the main reason we upgraded offices of the ZF Mgcawu District Municipality. The Premier and Minister are always utilizing the District office. Without proper building maintenance it compromises the integrity of our Council and the communities we serve. The painting project started in June and completed in August 2017.

10. Reporting

The District Municipality has improved in reporting on the EPWP Reporting System. This has seen more projects being registered and work opportunities being confirmed through the System. The Current system is a good tool to influence performance and recognition of the effort of the District towards Jobs creation which is a priority for the whole nation. However training needs to be conducted and also suitable persons should be identified for such training as many of people appointed to work with systems struggle because of not being familiar with working with computers.

The District Municipality has improved in reporting but this has not been credited with good benefits for the effort. The Department used a formula for allocations that has disadvantage us from receiving allocations for the 2018/2019 financial year.

3.8 ASSET MANAGEMENT

This matter is dealt with in Chapter 5 of this document

3.9 PROPERTY AND LEGAL

Name of entity/ subsidiary	Management's description of matter	Management's estimate of the financial exposure	Legal Counsel's remarks
SIY-B/0005 DV CONSTRUCTION (Claim for Siyanda District Municipality)	<p>An amount was paid for work by a tender that did not complete the contract. Money to be collected from members since the tender was delivered by a CC.</p> <p>Claimed amount-R70 663.71 of the judgment was launched. The court set aside the judgement a counter claim was filled expected trail cost including filing of documents and preparations and train of R30 000</p>	<p>An application for the setting aside of the judgement. It was launched. A counter claim was filed. The expected cost of R30 000</p>	<p>An attempt was made for settling this matter since documents that this CC is dormant and the members dismantled and members do not have any funds.</p> <p>No settlement could be reached. It would serve no purpose to continue this matter since DV Construction dismantled and the members are out of pocket. Even though the claim might be successful, there is no prospect of collecting any of the money. We suggest closing the file.</p>
NAS1-B/0006 NASHUA Claim against	<p>Claim against NASHUA for monies collected on expired contract in the amount of R63 659.41</p>	<p>This will be a Magistrate's court matter. The estimated costs R20 000.00 plus VAT</p>	<p>No reaction was received after legal of demand. Attempts to settle indicated that no proper notice was</p>

Nashua			given and that the matter will be defended. Due to cost implications we suggest to close the file
SIY1-B/0017 GOVERNMENT HANDBOOK (Possible claim against client)	Cancellation of contract. The employee had not authority to sign. The government handbook threatened with legal steps. Matter to be defended	No summons was issued	We closed out file
SIY1-B/0020 APRIL JACOBS	Labour matter Instructions to oppose an application for rescission	Papers were filed for rescission application to the labour court. Correspondent will be appointed Estimated cost R100 000 plus VAT	We re-opened our file. We received instructions to oppose. We are waiting for a court date.
SIY1-B/0623 SERON DE WEE (Summons was issued against Council) Maseng Thomas Sempe (Plaintiff) ZFM - 1 st	Summons was issued. The claim was defended	Settlement was reached all cost was aid	Settlement reached. File closed

Defendant Seron de Wee- 2 nd Defendant			
Jolene van Wyk / ZFM SAMWU: Labour Court	Application by SAMWU to set appointment aside	R150 000	Filing of legal documents in process

3.10 EXECUTIVE AND COUNCIL

Council consists of 21 Councillors and plays an oversight role. Through Council the annual report and oversight report were submitted to council by 31 March 2018. Similarly all budgets and budget related policies are also approved by Council. The effective functioning of council is measured in terms of the number of Council meetings per annum

KPI	Unit of Measurement	Target	Actual
Annual Report and Oversight Report submitted to Council by March 2018	Reports submitted	31 March 2018	29 March 2018
Effective functioning of Council measured in terms of the number of Council meetings	No of Council meetings per annum	5	5
Effective functioning of the Mayoral Committee	No of Mayoral Committee meetings	11	11
Adjustment approved by Council	Adjustment approved	31 January 2018 28 June 2018	31 January 2018 28 June 2018
Main budget approved by Council	Budget approved	31 May 2018	31 May 2018
Effectiveness of the Audit Committee	No of Audit Committee meetings	5	5
Effectiveness of Portfolio Committees	No of meetings held	4	4

Council Meetings	Special Council Meeting	Portfolio Standing Committee
▪ 31/08/2017	▪ 28/6/2018	▪ 30/08/2017
▪ 30/11/2018		▪ 29/11/2017
▪ 31/1/2018		▪ 28/3/2018
▪ 29/3/2018		▪ 30/5/2018
▪ 31/5/2018		▪ 29/8/2018
▪ 30/8/2018		▪ 28/11/2018
▪ 29/11/2018		

CHAPTER 4

HUMAN RESOURCE SERVICES

COMPONENT A: HUMAN RESOURCE MANAGEMENT

The Human Resource division is split into two core arms namely:

- Human Resource Management Unit
- Human Resource Development Unit

Overall management of comprehensive human resources management policies and processes to ensure that the efficient human resource systems and procedures, compliant with Human Resource Management legislation and practices, are maintained in the Municipality.

Administration

This includes personnel records, statistics about personnel and information processing

Remuneration

This includes job analysis, job evaluation, salary and wage structuring, fringe benefit scheme and incentive systems.

Leave

Daily monitoring and processing of leave taken. Monthly reconciliation of all types of leave

Human Resource Provisioning

This includes human resource planning, recruitment, election, placement, transfers, promotions and dismissals

COMPONENT B: HUMAN RESOURCE DEVELOPMENT

Interventions in Human Resource Development represent an essential contribution for promoting the country's development agenda. The Human Resource Development is grounded on broad-based and opportunity-specific Human Resource Development Strategies and policies that are synchronized with the District's economic development needs.

It focuses on the elements of Human Resource Development that significantly and positively impact on our economic performance such as:

- i. Training and development and educational attainments
- ii. Skills development
- iii. Science and innovation
- iv. Organizational development
- v. Skills mapping/ career pathing etc. consequently, the Human Resource Development is situated within the realities of increasing competition and the spread of local production systems, and the need to attain equity and reduce poverty and inequality.

Our central concern is to accelerate Wellness Programs that address continuous employee demands and challenges in order to stimulate excellent employee performance that will generate service delivery. Therefore our Human Resource Development approach is multipronged, comprising of a high-and intermediate-level skills strategy on the supply side, underpinned by a demand strategy that stimulates large-scale labor absorbing employment growth supported by appropriate inputs of low-level skills training (for both employed and unemployed people)

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year 2017/2018	Year 2017/2018			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Office of the MM	2	2	-	2	%
Strategic Management	3	3	3	0	
Communication & IGR	3	3	3	0	
Internal Audit	5	5	5	0	
Risk Management	1	1	1	0	
Office of the Executive Mayor	6	6	6	0	
Office of the CFO	3	3	3	0	
Expenditure	5	5	5	0	
Assets	4	4	4	0	
Supply Chain	4	4	3	1	
Budget & Treasury	5	5	5	0	
Corporate Services Director	1	1	1	0	
Council Secretariat	3	3	3	0	
Registry & Archives	5	5	5	0	
Cleaning & Maintenance	5	5	5	0	
HR Management	4	4	4	0	
HR Development	2	2	2	0	
Labour Relations	1	1	1	0	
Security	7	7	7	0	
IT	3	3	3	0	
Technical Services Director	1	1	1	0	
Environmental Health	7	7	7	0	
Tourism & LED	3	3	3	0	%
IDP	3	3	3	0	
PMU	4	4	3	1	
Housing	4	4	4	0	
Disaster Management	6	6	6	0	
PMS	2	2	2	0	%
Totals	102	102	98	4	-

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June.

T4.1.1

Vacancy Rate: Year 2017/2018			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	1	100.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	2	0	0.00
Other S57 Managers (Finance posts)	1	0	
Senior management: Levels 1-3 (excluding Finance Posts)	10	0	0.00
Senior management: Levels 1-3 (Finance posts)	1	0	0.00
Highly skilled supervision: levels 4-9 (excluding Finance posts)	8	0	0.00
Highly skilled supervision: levels 4-9 (Finance posts)	4	0	0.00
Total	28	1	3.57

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

T4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2017/2018	1	4	400.00%

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

T4.1.3

4.2 POLICIES

HR POLICIES AND PLANS		
	NAME OF POLICY	DATE ADOPTED BY COUNCIL
	BURSARY SUBSEQUENT EVENT (EVENTS AFTER REPORTING DATE) PAYMENT OF OVERTIME PRIVATE WORK AND DECLARATION OF INTEREST/S LEAVE EMPLOYMENT PRACTICE HUMAN RESOURCE DEVELOPMENT STRATEGY CONTINUING PROFESSIONAL DEVELOPMENT HUMAN RESOURCE PLAN LEARNERSHIP IMPLEMENTATION SMOKING RECRUITMENT, SELECTION, PLACEMENT, PROBATION, PROMOTION, TRANSFER AND DEMOTION OF STAFF EMPLOYMENT EQUITY INCAPACITY: DUE TO POOR WORK PERFORMANCE RELOCATION TASK JOB EVALUATION PROMOTION HIV/AIDS INCAPACITY: DUE TO ILL HEALTH/INJURY WELLNESS POLICY EMPLOYMENT EQUITY POLICY TRAINING AND DEVELOPMENT POLICY EMPLOYEES UNDER THE INFLUENCE OF INTOXICATING SUBSTANCES POLICY ATTENDANCE AND PUNCTUALITY POLICY SEXUAL HARASSMENT POLICY EMPLOYEE STUDY ASSISTANCE POLICY INVOLVEMENT OF COUNCILORS AND OFFICIALS AT FUNERALS OF OFFICIALS	31 May 2018

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0.00%	0	
Temporary total disablement	0	0		0	
Permanent disablement	0	0	0.00%	0	
Fatal	0	0	0.00%	0	
Total	0	0		0	0

T4.3.1

4.4 SKILLS DEVELOPMENT AND TRAINING COMPETENCY DEVELOPMENT (CPMD)

Financial Competency Development: Progress Report*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting Officer</i>	1	0	1	1	1	1
<i>Chief Financial Officer</i>	1	0	1	1	1	1
<i>Senior Managers</i>	5	0	5	3	2	3
<i>Any other Financial Officials</i>	8	0	8	4	0	4
Supply Chain Management Officials						
<i>Heads of Supply Chain Management units</i>	1	0	1	1	0	1
<i>Supply Chain Management Senior Managers</i>	3	0	3	1	1	1
TOTAL	19	0	19	11	5	11

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

Comment on Skills Development

The LGSETA requires that a Municipality that have a workforce of more than 50 people must have a Training Committee which consists of a Councillors, Head of Corporate Services as well as a representation of each department. The function is to ensure implementation of the Work Skills Plan takes place

The Work Skills Plan are a template that the LGSETA provide where reporting and planning takes place and be submitted annually.

The ZF Mgcau District Municipality has a legislative mandate to develop and improve the skills of its workforce. The Skills Development Act No 97 of 1998 inter alia states the purpose of the Act as follows:

- a) To develop skills of the South African workforce
- b) To increase the level of investment in education and training in the labour market and to improve return on investment
- c) To provide employees with opportunities to acquire new skills
- d) To encourage workers to participate in learnerships and other training programmes
- e) To improve employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education

The obligation of the Municipality is further emphasized in terms of the provisions of the Municipal Finance Management Act Regulation, which requires that relevant employees of the Municipality undergo competency training.

CHAPTER 5-

COMPONENT A:

5.1 STATEMENT OF FINANCIAL PERFORMANCE

	Note	2018 R	2017 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	17	63 406 340	57 621 270
Impairment Gains	24	295 545	-
Revenue from Exchange Transactions			
Rental from Fixed Assets	18	7 119	7 385
Interest, Dividends and Rent on Land Earned	19	608 139	728 210
Operational Revenue	20	515 874	544 972
Gains on Disposal of Property, Plant and Equipment	31	180	-
Total Revenue		64 833 197	58 901 837
EXPENDITURE			
Employee Related Costs	21	46 818 423	47 296 321
Remuneration of Councillors	22	3 728 041	3 190 132
Depreciation and Amortisation	23	632 550	588 771
Impairment Losses	24	91 289	377 744
Interest, Dividends and Rent on Land	25	-	5 132
Contracted Services	26	3 770 211	4 655 866
Inventory Consumed	27	288 070	330 388
Transfers and Subsidies Paid	28	96 345	36 389
Operating Leases	29	577 575	555 537
Operational Costs	30	9 429 497	9 630 794
Loss on Disposal of Property, Plant and Equipment	31	8 910	23 066
Total Expenditure		65 440 911	66 690 141
SURPLUS / (DEFICIT) FOR THE YEAR		(607 713)	(7 788 304)

5.2 STATEMENT OF FINANCIAL POSITION

	Note	2018 R	2017 Restated R
ASSETS			
Current Assets		1 388 558	995 140
Receivables from Exchange Transactions	2	160 781	143 689
Receivables from Non-exchange Transactions	3	11 950	114 502
VAT Receivable	4	479 464	274 374
Cash and Cash Equivalents	5	645 377	288 868
Current Portion of Long-term Receivables	6	90 986	173 708
Non-Current Assets		21 235 780	21 890 721
Property, Plant and Equipment	7	21 043 150	21 592 485
Intangible Assets	8	161 134	198 994
Long-term Receivables	9	31 495	99 242
Total Assets		22 624 338	22 885 861
LIABILITIES			
Current Liabilities		20 696 786	20 534 215
Provisions	10	2 655 848	2 563 410
Payables from Exchange Transactions	11	16 321 071	12 714 986
Payables from Non-exchange Transactions	12	56 581	151 691
Unspent Conditional Grants and Receipts	13	1 663 286	5 104 128
Non-Current Liabilities		34 805 970	34 622 351
Long-term Liabilities	14	-	30 853
Employee Benefit Liabilities	15	34 805 970	34 591 498
Total Liabilities		55 502 756	55 156 566
Total Assets and Liabilities		(32 878 418)	(32 270 705)
NET ASSETS		(32 878 418)	(32 270 705)
Accumulated Surplus / (Deficit)	16	(32 878 418)	(32 270 705)
Total Net Assets		(32 878 418)	(32 270 705)

5.3 CASH FLOW STATEMENTS

	Note	R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies	17	59 965 498	57 182 502
Rental from Fixed Assets	18	7 119	7 385
External Interest and Dividends Received	19	608 139	728 210
Other Receipts		613 342	748 587
Payments			
Employee Related Costs		(46 488 161)	(46 112 855)
Remuneration of Councillors	22	(3 728 041)	(3 190 132)
External Interest and Dividends Paid	23	-	(5 132)
Suppliers Paid		(1 029 772)	(1 461 327)
Other Payments		(9 675 156)	(9 669 141)
VAT Receivable / Payable		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		272 968	(1 771 901)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(78 725)	(1 521 685)
Purchase of Intangible Assets	8	-	(185 684)
Proceeds on Disposal of Property, Plant and Equipment	31	24 460	22 937
Proceeds on Disposal of Intangible Assets		180	-
Decrease / (Increase) in Long-term Receivables		137 627	131 657
NET CASH FLOWS FROM INVESTING ACTIVITIES		83 541	(1 552 774)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		-	(102 157)
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	(102 157)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		356 510	(3 426 832)
Cash and Cash Equivalents at Beginning of Period		288 868	3 715 700

Cash and Cash Equivalents at End of Period	5	645 377	288 868
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5.4 GRANTS

5.4 Reconciliation per Grant Source

	2018 R	2017 R
5.4.1 National Governments: Financial Management Grant		
Balance unspent at beginning of year	(114 502)	-
Current year receipts	1 250 000	1 250 000
Conditions met for 2017/18 - transferred to Revenue: Operating Expenses	-	(114 502)
Conditions met - transferred to Revenue: Operating Expenses	(1 135 498)	(1 032 278)
Conditions met - transferred to Revenue: Capital Expenses	-	(217 722)
Conditions already met - transferred to Receivables from Non-Exchange Transactions (Note 3)	-	(114 502)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the Municipality. ZFM budgeted for mSCOA Implementation under the 2017/18 FMG Activity Plan but implementation started in June 2017 to comply with the implementation date of mSCOA on 1 July 2017. In the 2016/17 Special Adjustment Budget the 2016/17 FMG budget amount was increased by R450 000 to prevent unauthorised expenditures and decreased the Original Budget for 2017/18 financial year. Therefore the FMG was overspent in 2016/17 financial year and funding for the R450 000 will be received during the 2017/18 financial year.

5.4.2 National Governments: Rural Road Asset Management Systems Grant

Balance unspent at beginning of year	1 889 761	1 616 411
Current year receipts	2 860 000	2 684 000

Conditions met - transferred to Revenue: Operating Expenses	(2 860 000)	(2 410 651)
Conditions not met: Operating Expenses (Withheld by National Treasury)	(1 889 761)	
Conditions met - transferred to Revenue: Capital Expenses	-	
Conditions still to be met - transferred to Liabilities (see Note 13)	0	1 889 761

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

5.4.3 National Governments: EPWP Incentive Grant

Balance unspent at beginning of year	310 383	74 844
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	(738 742)	(747 963)
Conditions not met: Operating Expenses (Withheld by National Treasury)	(310 383)	
Conditions met - transferred to Revenue: Capital Expenses	-	(16 497)
Conditions still to be met - transferred to Liabilities (see Note 13)	261 258	310 383

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

5.4.4 Provincial Government: Disaster Management - Near Project Subsidy

Balance unspent at beginning of year	137 090	392 926
Current year receipts	350 000	350 000
Conditions met - transferred to Revenue: Operating Expenses	(240 654)	(605 836)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	246 437	137 090

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

	2018	2017
	R	R
5.4.5 Provincial Government: Disaster Management - Fire Equipment Grant		
Balance unspent at beginning of year	148 792	164 399
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(15 606)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	148 792	148 792

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

5.4.6 Provincial Government: DRD Sewer network and oxidation ponds RVM V/V

Balance unspent at beginning of year	289 435	289 435
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(289 435)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	289 435

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

5.4.7 Provincial Government: Housing Accreditation DPLG National

Balance unspent at beginning of year	491 780	68 655
Current year receipts	1 050 000	750 000
Conditions met - transferred to Revenue: Operating Expenses	(1 541 780)	(326 875)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	491 780

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

5.4.8 Provincial Government: Kgotso Pula Nala

Balance unspent at beginning of year	1 836 886	2 936 226
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(830 087)	(1 099 340)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	1 006 799	1 836 886

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

5.4.9 Summary of Conditional Grants:

Balance unspent at beginning of year	4 989 626	5 542 896
Current year receipts	6 510 000	6 034 000
Conditions met for 2017/18 - transferred to Revenue: Operating Expenses	-	(114 502)
Conditions met - transferred to Revenue: Operating Expenses	(7 346 761)	(6 238 549)
Conditions not met: Operating Expenses (Withheld by National Treasury)	(2 200 144)	-
Conditions met - transferred to Revenue: Capital Expenses	(289 435)	(234 219)
Conditions still to be met - transferred to Liabilities	1 663 286	4 989 626
Grants classified under Receivables from Non-exchange Transactions (see Note 3)	-	114 502
Unspent Conditional Grants - Current Liabilities (see Note 13)	1 663 286	5 104 128

5.5 ASSET MANAGEMENT

The Asset Management Unit's main reason for existence is to create a structured process of decision making, planning and control over the acquisition, use, safeguarding and disposal of assets to maximize their service delivery potential and benefits and to minimize their related risks and costs over their entire life.

Asset Management in the ZF Mgcawu District Municipality is governed by an Asset Management Policy adopted in 2010 and is reviewed annually. The policy serves to ensure that the municipality:

- Has consist application of asset management principles
- Implement accrual accounting
- Complies with the Municipal Finance Management Act nd other related legislation
- Correctly accounts for assets under the GRAP accounting framework
- Safeguards and controls the assets of the municipality and
- Optimizes asset usage

The Asset Management Policy deals with the following key elements

- Asset recognition
- Recognition of assets initial measurement
- Subsequent measurement of assets
- The recognition of inventory items (non-capital items)
- Asset types
- Asset acquisition, asset maintenance, asset disposal, asset physical control and asset financial control

An Asset Management Committee consisting of Senior Managers, has been appointed to facilitate and assist the Acting Municipal Manager as the Accounting Officer of the District Municipality in his functions relating to asset management as set out in section 63 of the Municipal Finance Management Act. The Acting Municipal Manager has delegated the custody of and the responsibility for assets to the various Directors as defined in the organizational structure of the ZF Mgcawu District Municipality

Acquisitions

Asset additions made during the year amounts to R76 449.00 which has been reconciled to the general ledger as at 30 June 2018 as required by section 63 of the Municipal Finance Management Act.

Disposals

The final list of assets that need to be disposed of will be tabled to Council in August 2018, and Council will then decide whether it should be sold at an auction or

sold by price written quotation. We still have assets that were written off in the previous financial year that should also be donated to schools in the District.

5.6 PPP

PUBLIC PRIVATE PARTNERSHIPS

The District Municipality does not have any Public Private Partnerships.

5.7 SUPPLY CHAIN MANAGEMENT

This matter was dealt with in Chapter 2 of this report

5.8 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules which Municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the Municipality is more accountable to its citizens and other stakeholders.

The District Municipality received six consecutive clean audits (based on the 2017/2018 Audit report released by the Auditor General in November 2018) and this proves that we are moving in the right direction.

CHAPTER 6

AUDITOR GENERAL REPORTS

AG REPORT 2017/2018 AND 2016/2017

The ZF Mgcawu District Municipality received an unqualified audit opinion for the sixth year in a row.

An opinion is said to be unqualified when the Auditor General concludes that the Financial Statements gives a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the financial statements. Therefore the Auditor General found that the ZF Mgcawu District Municipality does not have any significant findings in respect of matters contained in the Financial Statements

Attached hereto is the 2017/2018 Auditor General's Report as received from the Auditor General in November 2018

Attached hereto is the 2016/2017 Auditor General's Report.

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the ZF Mgcawu District Municipality set out on pages 18 to 105, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu District Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

Basis for opinion

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

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

I draw attention to note 16 of the financial statements, which indicates that the district municipality incurred a net loss of R607 713 during the year ended 30 June 2018 and, as of that date the district municipality's current liabilities exceeded its current assets by R19 308 228. As stated in note 47, 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 district municipality's ability to continue as a going concern.

Emphasis of matter

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

Restatement of corresponding figures

As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of an error in the financial statements of the district municipality at, and for the year ended, 30 June 2017.

Other matters

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

Unaudited disclosure notes

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 thereon.

Unaudited supplementary schedules

The supplementary information set out on pages 106 to 126 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon

Responsibilities of the accounting officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, the accounting officer is responsible for assessing the ZF Mgcawu District 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

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.

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

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2018:

Objectives	Pages in the annual performance report
Objective 1 – To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	25 – 29
Objective 2 – To assess and provide targeted support improving institutional capacity and service delivery capabilities of category B municipalities	30
Objective 3 – To promote environmental health and safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks	31
Objective 6 - To assess and monitor the status of infrastructure needs of B Municipalities	34 – 39

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Objective 1 - To monitor and determine the housing backlogs in the district as well as to inform the public on housing information
- Objective 2 - To assess and provide targeted support improving institutional capacity and service delivery capabilities of category B municipalities
- Objective 3 - To promote environmental health and safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks
- Objective 6 - To assess and monitor the status of infrastructure needs of B Municipalities

Other matters

I draw attention to the matters below.

Achievement of planned targets

Refer to the annual performance report on pages 25 to 51 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Objective 1, Objective 3 and Objective 6. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information

Report on the audit of compliance with legislation

Introduction and scope

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

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

Other information

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 selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

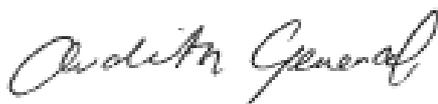
My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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. I did not identify any significant deficiencies in internal control.



Kimberley

30 November 2018



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 objectives 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 related to events or conditions that may cast significant doubt on the ZF Mgcawu District Municipality’s ability 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 the 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 continuing as a going concern

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the ZF Mgcawu District Municipality set out on pages 3 to 103, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information and actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for opinion

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

Material uncertainty related to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. The statement of financial performance indicates that the district municipality incurred a net loss of R7 261 261 during the year ended 30 June 2017 and, as of that date the district municipality's current liabilities exceeded its current assets by R15 918 193. This matter, along with other matters as set forth in note 47, indicate that a material

uncertainty exists that may cast significant doubt on the district municipality's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Emphasis of matter

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

Restatement of corresponding figures

9. As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error in the financial statements of the district municipality at, and for the year ended, 30 June 2017.

Unauthorised expenditure

10. As disclosed in note 35 to the financial statements, unauthorised expenditure to the amount of R3 873 685 was incurred, as the district municipality under budgeted for employee benefits for the financial period.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

13. The supplementary information set out on pages 104 to 118 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

15. In preparing the financial statements, the accounting officer is responsible for assessing the ZF Mgcawu District 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 there is an intention either to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

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

16. 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor’s report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

Objectives	Pages in the annual performance report
Objective 1 – To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	57 – 64
Objective 2 - To promote environmental health and safety of communities in the ZFM DM through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks	65 – 75
Objective 3 - To promote safety of communities in the ZFM DM through the proactive prevention, mitigation, identification	38 – 41

and management of fire and disaster risks.	
Objective 4 - To assess and monitor the status of infrastructure needs and requirements of B Municipalities	26 – 37; 42 - 56
Objective 5 - To facilitate the development of sustainable regional land use, economic, spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy	80 – 81
Objective 6 - To market, develop and co-ordinate tourism in the ZF Mgcawu District	83 – 86

21. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Objective 1 – To monitor and determine the housing backlogs in the district as well as to inform the public on housing information
- Objective 2 - To promote environmental health and safety of communities in the ZFM DM through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks
- Objective 3 - To promote safety of communities in the ZFM DM through the proactive prevention, mitigation, identification and management of fire and disaster risks
- Objective 4 - To assess and monitor the status of infrastructure needs and requirements of B Municipalities
- Objective 5 - To facilitate the development of sustainable regional land use, economic, spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy
- Objective 6 - To market, develop and co-ordinate tourism in the ZF Mgcawu District

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. Refer to the annual performance report on pages 26 to 86 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Objective 2, Objective 3 and Objective 6. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

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

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

Other information

28. 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 thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.

29. 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 thereon.

30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

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



Kimberley

30 November 2017



**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 objectives 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 the 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 related to events or conditions that may cast significant doubt on ZF Mgcawu District Municipality’s ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

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

Signed (Chief Financial officer).....

Dated

APPENDICES

Appendix A-

COMMITTEE ALLOCATION

FINANCE VIABILITY

- Cllr Abraham Vosloo (Chairperson)(Executive Mayor)
- Cllr Anna de Bruin
- Cllr Walter D. Klim
- Cllr Jan Assegaai

INSTITUTIONAL DEVELOPMENT

- Cllr Maria Bosman (Chairperson)(Mayoral Committee Member)
- Cllr Brenda Bock
- Cllr Siyabulela Dubeni
- Cllr A.Adams

SOCIAL ECONOMIC DEVELOPMENT

- Cllr Gadilwaelwe Hazel Mothibi (Chairperson)(Mayoral Committee Member)
- Cllr Bary Bosman
- Cllr Magrietha Basson
- Cllr P.Isaacs

GOOD GOVERNANCE

- Cllr M. Mashila (Chairperson)(Mayoral Committee Member)
- Cllr Samuel Esau
- Cllr Florence Lee-Anne Witbooi
- Cllr J.Lodewyk

SERVICE DELIVERY

- Cllr Jan. J.J. Olyn (Chairperson)(Mayoral Committee Member)
- Cllr Mpho Mashila
- Cllr M.van Zyl

MPAC

Municipal Public Accounts Committee

- Cllr Siyabulela Dubeni (Chairperson)
- Cllr Brenda Bock
- Cllr Samuel Esau
- Cllr Bary Bosman
- Cllr Anna de Bruin
- Cllr Michael Mabilo
- Cllr Florence Lee-Anne Witbooi

Appendix B-

COMMITTEES AND COMMITTEE PURPOSES

COMMITTEE OTHER THAN MAYORAL AND THEIR PURPOSES	
Institutional Development	This committees deals with institutional matters including administration and human resources
Service Delivery	This committee deals with service delivery issues also focusing on local municipalities
Social and Local Economic Development	LED forms an important part of economic growth in the region
Good Governance and Public Participation	Matters relating to communication, ward committees and public participation
Financial Viability	Finance related information (compliance reports and budgets)
MPAC	Performs an oversight function such as evaluating the annual report and financial statements

Appendix C-

THIRD TIER STRUCTURE

Senior Management as at 30 June 2018

Acting Municipal Manager – Mr. A.K. Tieties

Director: Finance – Mr. P. Beukes

Director: Planning & Development – Mr. J.G. Lategan

Director: Corporate Services – Mr. D.J. van Zyl

Appendix D- MUNICIPAL FUNCTIONS

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

Appendix G-

AUDIT

RECOMMENDATIONS



FEEDBACK FROM
INTERNAL AUDIT

SUMMARY OF RESOLUTIONS AND RECOMMENDATIONS OF THE AUDIT COMMITTEE

RESOLUTION & RECOMMENDATION LAUNCHED		RESOLUTIONS & RECOMMENDATION IMPLEMENT		RESOLUTION & RECOMMENDATION OUTSTANDING	
QUARTER	NUMBER	QUARTER	NUMBER	QUARTER	NUMBER
<i>Quarter 1- AFS</i>	<i>5</i>	<i>Quarter 1-AFS</i>	<i>5</i>	<i>Quarter 1- AFS</i>	<i>0</i>
<i>Quarter 2</i>	<i>12</i>	<i>Quarter 2</i>	<i>10</i>	<i>Quarter 2</i>	<i>2</i>
<i>Quarter 3</i>	<i>4</i>	<i>Quarter 3</i>	<i>3</i>	<i>Quarter 3</i>	<i>1</i>
<i>Quarter 4</i>	<i>14</i>	<i>Quarter 4</i>	<i>9</i>	<i>Quarter 4</i>	<i>5</i>
<i>Quarter 4</i>	<i>2</i>	<i>Quarter 4</i>	<i>0</i>	<i>Quarter 4</i>	<i>2</i>
LAUNCHED	37	IMPLEMENTED	27	OUTSTANDING	10

Detail summary of decisions taken by the Audit Committee during the 2017/2018 Financial Year

<p><i>August 2017 Meeting</i></p>	<ol style="list-style-type: none"> 1. That management ensures that Annual Report (2016/2017) and the Annual Performance Report (2016/2017) were amended with the recommendations of the audit committee and submitted to the Office of the Auditor General at 25 August 2017. 2. That the Audit Committee review the corrected Annual Performance Report 2016/2017 and provide management with a final review feedback by Tuesday 29 August 2017 whether the identified discrepancies were corrected. 3. That Management must ensure that a written response of the Auditor General on the signoff of the Annual Financial Statements, Annual Performance Report and the Annual Report 2016/17 by the Acting Municipal Manager since he only started at the District Municipality on 1 July 2017 be forwarded to Internal Audit, the Audit Committee, Assistant Manager Communications and the Deputy Director: Support, PMS & SPLUM. 4. That the Acting Municipal Manager facilitates a meeting between the Internal Audit Head and the Head of Performance Management to ensure that the recommendations made by Internal Audit are implemented in full. 5. That Management submit the corrected Annual Financial Statements to the audit committee by Friday 25 August 2017 and that the Audit Committee will assess the corrected Annual Financial Statements and provide management with a final review feedback by Tuesday 29 August 2017.
<p><i>October 2017 Meeting</i></p>	<ol style="list-style-type: none"> 1. That Management must ensure proof of the investigation on alleged leave fraud must be reported at the next Audit Committee meeting. 2. That the Municipal Manager should get involve to resolve the issues between Internal Audit and the Fraud and Corruption unit. 3. That the resignation of the Municipal Manager (E. Ntoba) who does not appear on the resignation report be added so that a complete report is presented at the next meeting. 4. That a reconciliation of the money owed by the municipality to the Municipal Manager and the money owed by the Municipal Manager to the Municipality must be presented at the next Audit Committee meeting. 5. That the Municipal Manager resolve the issues between Internal Audit and Environmental Health. 6. That the Municipal Manager get involve regarding the co-operation of Management with Internal Audit. 7. That progress on the action plan be presented at the next Audit Committee meeting on issues that should be moved to the Risk Management and PMS. 8. That a Standard Operating Procedures are developed for Fraud and presented to the next audit committee meeting.

November 2017 Meeting

- 1. That Management must ensure that the audit follow-ups with regard to the cases of financial misconduct are concluded.*
- 2. That management must ensure that resignation of the previous Municipal Manager (Mr. E Ntoba) be added to the resignation report and reported at the next meeting.*
- 3. That Management must ensure that there are adherence to the provision within the Internal Audit Charter that information should be received at least 7days before the audit committee meeting.*
- 4. That management must ensure that written resolution is obtain from the council that permits the members of the audit committee which term ends on 31 December 2017 to be remunerated to attend the handover meeting of the new audit committee members.*

5 February 2018 Meeting

- 1. That management must provide feedback at the next audit committee meeting on the fraud investigation that was conducted.*
- 2. That management must submit the Cash/Action Plan to the members of the Audit Committee after this Audit Committee meeting.*
- 3. That management must conduct a reconciliation on the individual medical bonds of the out of service employees of 1999 , check the contributions paid by these employees individually , check the list of dependences of these employees in particular whether they were added after 1999 and present the reconciliation to the Audit Committee Meeting.*
- 4. That management must obtain a legal opinion to determine whether the Municipality can terminates the medical aid contributions of the out of service employees of 1999 and present the opinion of the legal team to the next Audit Committee Meeting.*

<p><i>3 April 2018 Meeting</i></p>	<ol style="list-style-type: none"><i>1. That Management implement all outstanding issues for the 2015/16 financial year before 25 June 2018.</i><i>2. That the issues on the audit follow up be linked to a cut off date with an action plan and that progress on the action plan be presented at the next meeting.</i><i>3. That Management conduct a strategic session by the end of May and a report be presented at the next AC meeting.</i><i>4. That a reconciliation be conducted on the petrol usage of council vehicle except the Mayors vehicle.</i><i>5. That a reconciliation be conducted on the medical aid and the pension funds of employees to ensure that the correct deductions are made.</i><i>6. That Internal Audit conduct a reconciliation on ghost workers.</i><i>7. That Management compile a report on the usage of the clock system.</i><i>8. That Management provide feedback at the next meeting on the appointment of the Risk Committee chairperson.</i><i>9. That copies of the investigation reports that was submitted to MPAC be sent to the Audit Committee for oversight.</i><i>10. That Management also invite the new members of the Audit Committee to attend the MPAC training.</i><i>11. That the fraud policy be amended to ensure that reference is made within the policy as to how management will deal with officials that were found guilty of fraudulent acts.</i><i>12. That feedback be given at the next meeting on the progress of the installation of the fraud hotline.</i><i>13. That IT compile a presentation at the next meeting on the IT offsite infrastructure needs and the DPSA.</i>
<p><i>4 April 2018 Meeting</i></p>	<ol style="list-style-type: none"><i>1. That the PMS framework be reviewed to include AC in the evaluations of directors to perform their oversight role .</i>
<p><i>25 June 2018 Meeting</i></p>	<ol style="list-style-type: none"><i>1. That the Internal audit unit research the requirements of the Ethics training for the next financial year.</i><i>2. That the new cash plan be submitted to the Audit Committee.</i>

Appendix J-

FINANCIAL

DISCLOSURES

(Note VII of AFS)

**RELATED PARTY
TRANSACTIONS**

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

40.1 Interest of Related Parties

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

Name of Related Person	Designation	Description of Related Party Relationship
A Vosloo	Executive Mayor	Director at Ditsa Da Ra Properties Director Khethabele Enterprise
M Moalosi	Speaker	Director at Moulouis Catering Director at Tsantsabane Social and Labour Development Forum
GH Mothibi	Councillor	Director at Northern Cape Mining Logistics and Services Director at Charofor
P Isaacs	Councillor	Director at City Park Trading 90 Director at Vandalix Director at Micromatica 563
J Lodewyk	Councillor	Director at Khoi-san Agricultural
M Bosman	Councillor	Director at Kalksloot Rural Development Director at Kalksloot Bakery
M Mabilo	Councillor	Director at TCF Funeral Services Director at Mabamosa Director at BM Bock Construction and community development
B Bock	Councillor	Director at A and T Development
AK Tieties	Acting MM	Director at JWV Group
JBA Van Wyk	Middle Manager	Director at Rehoboth MG Civil Services
MMG Mnganga	Middle Manager	Director at Siyanda Theatre Laboratory
H Mchlauli	Middle Manager	Director at Ablaze Trading 258
JA Kitching	Middle Manager	Director at BC2S Construction Consulting and Trading Services
G Cloete	Middle Manager	Director at BMD Trading
B Van Kradenburg	Middle Manager	Director at JWV Group
JGM Van Wyk	Middle Manager Spouse	Director at Brainwave Projects 1567 Director at Black Sparrow Trading
JJ Willemse	Middle Manager	Director at Tumelo Youth Farm
JJ Combrink	Middle Manager	Director GSNF Construction
GS Booysen	SCM Official	Director at ANSEC 133
A Van Zyl	Manager's Spouse	Director at Hemiprox

K Kitching	Manager's Spouse	Director at ANSEC 133 Director at Hemiprox
N Erasmus	Audit Committee	Director at Tsama Wild Director at All4One Enterprises Director at ITR Holdings Director at Upington Rekenmeesters sentrum Director at Upington Convenience centre Director at Du Toit Van Der Heever

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

Name of Related Person	Designation	Description of Related Party Relationship
A Vosloo	Executive Mayor	Director at White Mountain Mining Director at Kiesie Production Director Minasu Technologies Director Perspektiv HR Solutions Director at Willoo Development
MMG Mnganga	Middle Manager	Director at Mnganga Civil and Property developers
J Nengome	Middle Manager	Director at Sedzaphanda Building Construction
JJ Combrink	Middle Manager	Director at Tumelo Youth Farm
A Viljoen	Audit Committee	Director at Mora Plase Director at Fremadon Eiendomme Board member at MacDonald's Transport Director at Bergrivier admin dienste 7 Director at Summersow Investments Director at Macdonalds Group Director at Zelpy 2329 Director at Sivukile Transport Director at Zelpy 2524 Director at Vukupanda Transport Services Director at Victory parade Trading
N Erasmus	Audit Committee	Director at Rich Rewards Trading Director at Northern Cape BEE Verifications Director at Quickstep Director at CN Erasmus Boerdery

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

Name of Related Person	Designation	Description of Related Party Relationship
A De Bruin	Councillor	No relationship with businesses
M Mashila	Councillor	No relationship with businesses
B Bosman	Councillor	No relationship with businesses

BJ Snyders	Councillor	No relationship with businesses
S Dubeni	Councillor	No relationship with businesses
S Esau	Councillor	No relationship with businesses
WD Klim	Councillor	No relationship with businesses
JJJ Olyn	Councillor	No relationship with businesses
J Assegai	Councillor	No relationship with businesses
M Basson	Councillor	No relationship with businesses
MHB Van Zyl	Councillor	No relationship with businesses
F Witbooi	Councillor	No relationship with businesses
DJ Van Zyl	Director	No relationship with businesses
P Beukes	Director	No relationship with businesses
JG Lategan	Director	No relationship with businesses
M Venter	Audit Committee	No relationship with businesses
GH Nieuwoudt	Audit Committee	No relationship with businesses
L Langelibalele	Audit Committee	No relationship with businesses
A Phete	Middle Manager	No relationship with businesses
E Van der Westhuizen	Middle Manager	No relationship with businesses
F Ruppig	Middle Manager	No relationship with businesses
B Feris	Middle Manager	No relationship with businesses
S Berend	Middle Manager	No relationship with businesses
B Knouwds	Middle Manager	No relationship with businesses
E Britz	Middle Manager	No relationship with businesses
M. Mathe	Middle Manager	No relationship with businesses
C Phillips	Middle Manager	No relationship with businesses
H Theron	Middle Manager	No relationship with businesses
J Shorty	Middle Manager	No relationship with businesses
E Van der Westhuizen	Middle Manager	No relationship with businesses
G Present	Middle Manager	No relationship with businesses
T Job	Middle Manager	No relationship with businesses
J Visagie/Maasdorp	Middle Manager	No relationship with businesses
MD Lekanyane	Middle Manager	No relationship with businesses
M Manyehe	Middle Manager	No relationship with businesses
FJ Strauss	Middle Manager	No relationship with businesses
RM Snyders	Middle Manager	No relationship with businesses
C Swarts	SCM Official	No relationship with businesses
S Botha	SCM Official	No relationship with businesses
G Booyesen	SCM Official	No relationship with businesses
G Femele	SCM Official	No relationship with businesses
J Beukes	Manager's Spouse	No relationship with businesses
E Phillips	Manager's Spouse	No relationship with businesses
J Van Der Westhuizen	Manager's Spouse	No relationship with businesses
JM Snyders	Manager's Spouse	No relationship with businesses

LG Cloete	Manager's Spouse	No relationship with businesses
JP Berend	Manager's Spouse	No relationship with businesses
EE Job	Manager's Spouse	No relationship with businesses
Lekanyane	Manager's Spouse	No relationship with businesses
BJ Feris	Manager's Spouse	No relationship with businesses

40.2 Services rendered to Related Parties

The Municipality did not render any services during the year to anyone that can be considered as a related party.

40.3 Loans granted to Related Parties

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

40.4 Compensation of Related Parties

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

40.5 Purchases from Related Parties

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

40.6 Related Parties of Spouses

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

ANNEXURES AND VOLUMES

The following documents herewith form part of the Draft Annual Report

Annexure A - Annual Performance Report

Annexure B - Audit Committee Report

VOLUME IIA Annual Financial Statements

VOLUME IIB Audit Recovery Plan