



ZF Mgcawu District Municipality

DRAFT ANNUAL

REPORT

2018/2019

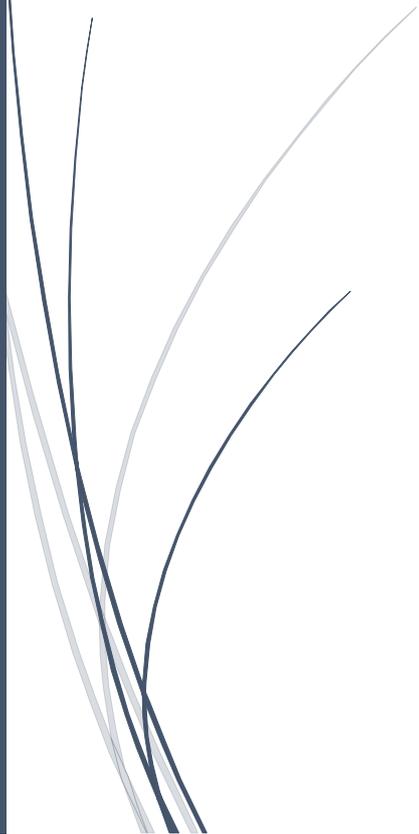


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LIST OF ABBREVIATIONS

AG Report	- Auditor General's Report
CFO	- Chief Financial Officer
COGHSTA	- Cooperative Governance, Human Settlements and Traditional Affairs
CSD	- Central Supplier Database
DEDaT	- Department of Economic Development and Tourism
DPSA	- Department Public Service and Administration
EGDF	- Economic Growth and Development Fund
EHP	- Environmental Health Practitioner
EHS	- Environmental Health Services
EPWP	- Extended Public Works Programme
GRAP	- Generally Recognized Accounting Practice
IDP	- Integrated Development Plan
IDP Rep Forum	- IDP Representative Forum
IGR	- Intergovernmental Relations
IT	- Information Technology
ITC	- Information and Communication Technology
KPI	- Key Performance Indicators
LDA	- Land Development Applications
LED	- Local Economic Development
LGSETA	- Local Government Sector Education and Training Authority
LUPO	- Land Use Planning Ordinance
LUS	- Land Use Scheme
MBD	- Municipal Bid Documents
MFMA	- Municipal Finance Management Act

MM	- Municipal Manager
MoU	- Memorandum of Understanding
MPAC	-Municipal Publics Accounts Committee
mSCOA	- Municipal Standard of Charts Accounts
NDP	-National Development Plan
OHS	- Occupational Health and Safety
PMS	- Performance Management System
PPP	- Public Private Partnerships
RRAMS	- Rural Roads Asset Management System
SACPLAN	- South African Council for Planners
SCM	- Supply Chain Management
SDBIP	-Service Delivery and Budget Implementation Plan
SDF	- Spatial Development Framework
SEFA	- Small Enterprise Finance Agency
SMME	-Small, Micro and Medium Enterprises
SPLUMA	- Spatial Planning and Land Use Management Act
ZFM DM/ ZFM	-ZF Mgcawu District Municipality

CHAPTER 1

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



This year, 2019 marked the sixth National and Provincial Elections, an event that will no doubt go down as the most exciting and competitive and yet peaceful electoral cycle. Similarly, this year also marks the 25th year of our democracy and what a delightful way it is of marking the anniversary of our young democracy.

Our people have indisputably decided that the African National Congress has the suitable stature, technical dexterity and political will to lead them to the realization of the ideal of a better life of all citizens.

In his inaugural address in May 2019, Dr. Zamani Saul said and I quote:

"A Modern, Growing and Successful Province is:

- A Province with a strong government that actively fights corruption and laziness.
- Such a Province gives hope to the hopeless in a very a practical way"

The Premier made it clear what the direction the Province intends to take for the next five years, and to align itself to the Province the District Municipality intends to work hard to achieve the objective of the Provincial Government of being a modern, growing and successful Province.

It is always a pleasure to know that in the midst of all our challenges we still managed to obtain our sixth consecutive Clean Audit as a District Municipality for the 2017/2018 financial year.

However, I need to also acknowledge that a Clean Audit brings with it, its own set of challenges, which include but are not limited to the fact that a clean audit does not indicate prosperity and wealth, meaning we do not get more money based on the fact that we received a clean audit.

Our Service Delivery and Budget Implementation Plan reflects the priorities of the District Municipality for the 2018/2019 financial year and this Annual Report will serve as an account of those efforts. This report intends to reflect a Municipality committed to transformation, development and fostering good governance in the District and it is presented in observation of our legislative obligation to be accountable and a transparent institution of governance.

Though challenges continue to present themselves, we remain committed to our mandate given by the electorate to provide a better life for all. During the 2019 General Elections, we recommitted ourselves as servants of the people.

As a District Municipality, we remain committed to our strategic objectives and we are committed to our vision of rendering quality support to our Local Municipalities as well as remaining a center of excellence. The moral fiber of the administrative and political leadership of our municipality primarily shapes our core values. These values include but are not limited to the commitment to the development of our people and transparency in accounting for our actions.

This Draft Annual Report is an account of the ZF Mgcawu District Municipality's achievements for the year under review and it also assists in identifying our successes and failures. This report is 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.

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

I am honored to lead the ZF Mgcawu District Municipality and I wish to thank the Municipal Manager and his team for their proficient leadership. We were only able to deliver the performances specified in this Annual Report with the dedicated assistance of the Municipal Staff.

Signed by _____

Cllr JJJ Olyn

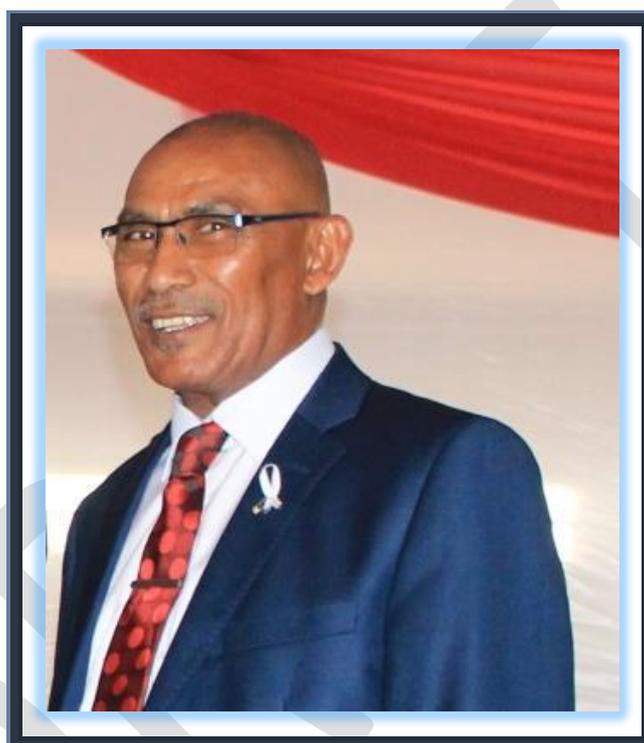
Executive Mayor

"However, I need to also acknowledge that a Clean Audit brings with it, its own set of challenges, which include but are not limited to the fact that a clean audit does not indicate prosperity and wealth, meaning we do not get more money based on the fact that we received a clean audit"

Cllr JJJ Olyn

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



In keeping with section 121 of the Municipal Finance Management Act (56 of 2003) Accounting Officers in Local Government are required to prepare an Annual Report in accordance with this legislation. This Annual Report is therefore prepared to achieve two objectives. Firstly, to comply with the above-cited section of the MFMA and to give an account to Council and the community on the performance of the municipality for the 2018/2019 financial year. This is an inalienable obligation on the part of those of us who are entrusted with the responsibility to manage public resources.

Once the Annual Report process is completed, it will be constituted of the audited Annual Financial Statements and the Annual Performance Report for the year under review. This report is therefore intended to afford the community and all other stakeholders an opportunity to know about the extent to which the District

Municipality fulfills its Constitutional obligations and utilize the resources that are at its disposal.

This Annual Report and sixth consecutive Clean Audit bears testament to what can be accomplished in Local Government. In presenting this 2018/2019 Annual Report, we affirm that the ZF Mgcawu District Municipality has made massive strides towards achieving our vision of rendering quality support to our Local Municipalities. Our vision and mission are guided by values of transparency, excellence, responsiveness, accountability, accessibility, and integrity.

For the 2018/2019 financial year, our efforts have been towards accomplishing key objectives that include:

- Promoting proper good governance
- Ensuring financial sustainability
- Providing an effective and efficient workforce by aligning our institutional arrangements to our overall strategy
- Facilitating a sustainable economic environment through the development of related initiatives including job creation and skills development through the implementation of grant-funded projects.

We have our work cut out for us and that is to take this excellence to the next level. We are cognizant of the challenges that need to be confronted if we are to achieve this goal. Regardless of how well we have performed for the year under review, we are concerned by our grant dependency status as detailed in this report.

It has become our top priority to look for alternative sources of revenue and this includes consulting with various stakeholders to explore other available revenue sources so that we can easily respond to the challenges facing the District Municipality.

It is with great pleasure to report that the District Municipal Council is functional and continues to develop the requisite capacity to fulfill its Constitutional obligations as enshrined in section 152 of the Constitution. Together with its oversight committees such as MPAC and the Audit Committee, Council has managed to take the kind of decisions that place the interests of the people at heart. During the year under review, we sadly had to bid farewell to a number of Councillors some due to death and others have resigned.

The District Municipality has a Performance Management System in place as stipulated in Chapter 6 of the Municipal Systems Act. Council continues to monitor the performance of Management through quarterly reports on the implementation of the targets of the Service Delivery and Budget Implementation Plan (SDBIP).

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 District 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 2018/2019 financial year.

I would like to extend my gratitude to our Council, Council Committees such as the Municipal Public Accounts Committee, the Risk Management Committee and the Audit Committee for instilling a sense of an accountable administration by holding us to account for the implementation of all the programs of the Council.

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

Municipal Manager

1.2 MUNICIPAL FUNCTIONS AND ENVIRONMENTAL OVERVIEW

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

ZF Mgqawu 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 Mgqawu District Municipality has a Constitutional mandate to:

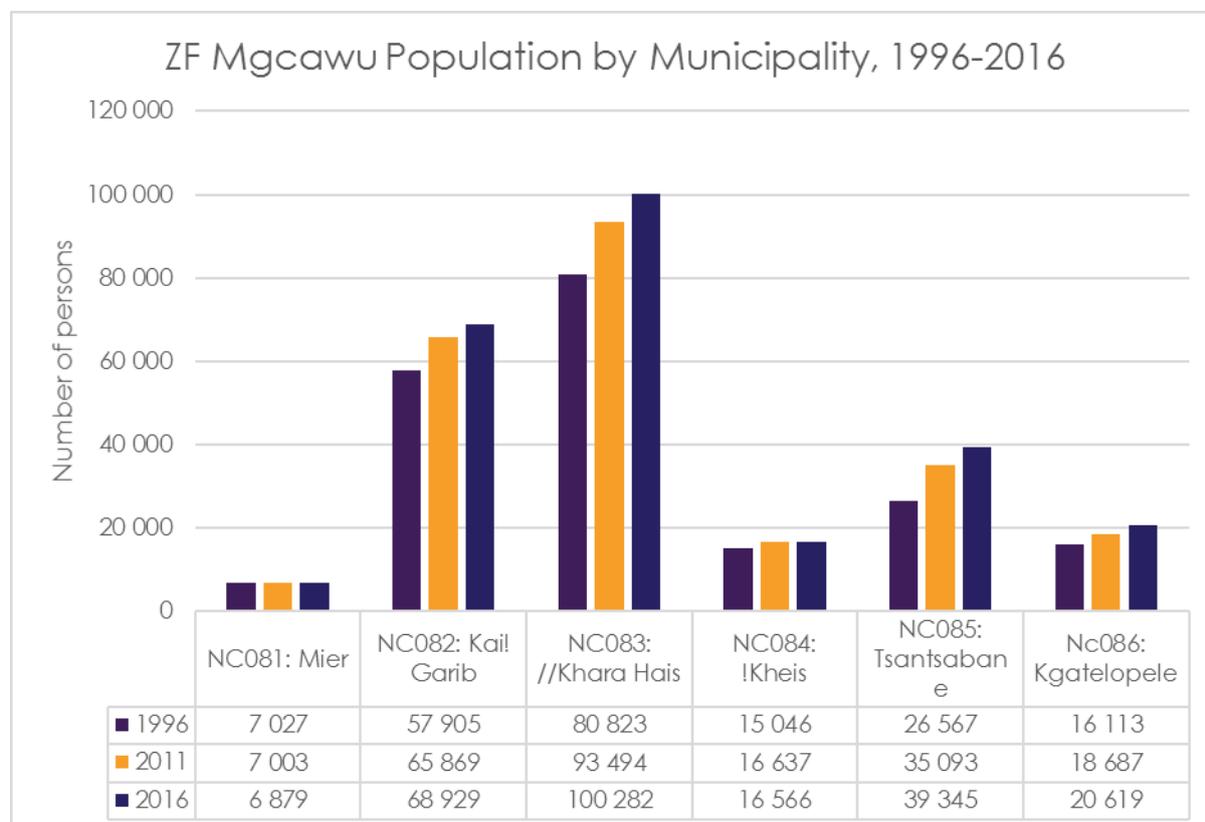
- a) provide a democratic and accountable government for local communities
- b) ensure the provision of services to communities in a sustainable manner
- c) promote social and economic development
- d) promote a safe and healthy environment
- e) encourage the involvement of communities and community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

Following from the Constitution, specific powers and functions of the ZF Mgqawu District Municipality 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 Mgqawu District Municipality (ZFMMDM)

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.

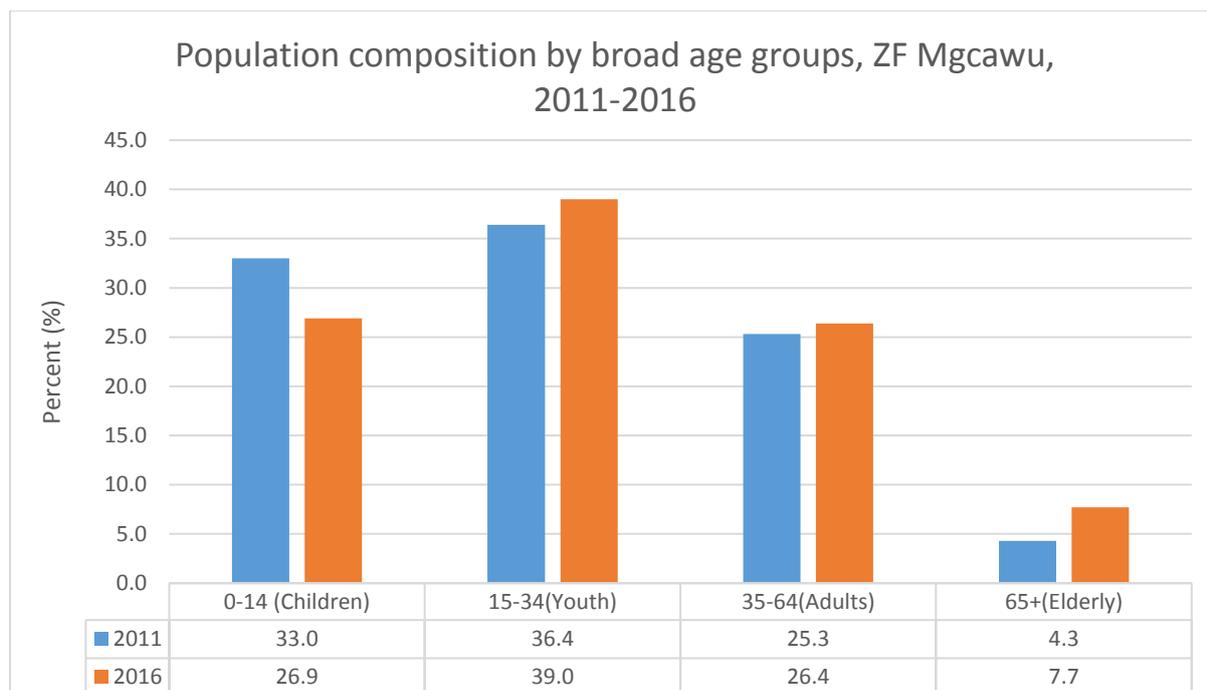
1.2.1 POPULATION



- The graph 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 Local 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)

*//Khara Hais and *Mier Local Municipalities have been amalgamated into one Municipality, known as Dawid Kruiper Local Municipality, this happened as a result of the redemarcation process.

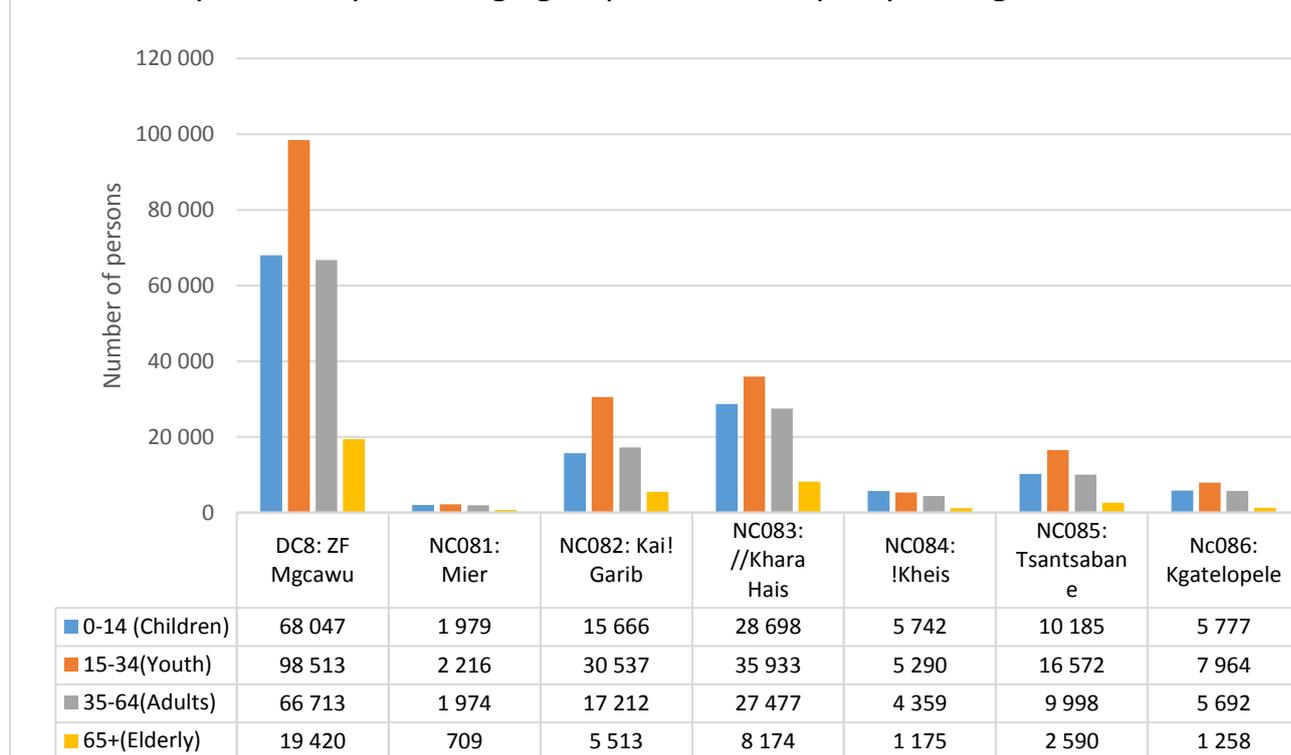


- The graph above shows a change in the structure of the population in ZF Mgcawu District over the period 2001 to 2016.
- It shows a shift towards an ageing population composition, where the proportion of children (0-14 years) in the District decreased as a proportion of the total population from 33, 0% in 2011 to 26,9% in 2016.
- The graph 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.

*(*community survey 2016)*

*//Khara Hais and *Mier Municipalities have been amalgamated into one Municipality, known as Dawid Kruiper Municipality, this happened as a result of the redemarcation process.

Population by broad age groups and municipality, ZF Mgcawu, 2016



- The graph 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 Local Municipality, followed by Kai! Garib Local Municipality recorded the most number of persons across all age groups when compared to other Local Municipalities in the District. *Mier Local Municipality has the least population numbers across the respective age groups when compared to other Local Municipalities in the District.

(*community survey 2016)

*//Khara Hais and *Mier Local Municipalities have been amalgamated into one Municipality, known as Dawid Kruiper Local Municipality, this happened as a result of the redemarcation process.

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 (referred herein as Local Municipalities)

Thus, the District Municipality is not directly responsible for rendering services but must ensure that Local Municipalities fulfill 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 the 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 Municipality experiences a going concern crisis as highlighted in its latest audit report. To address the going concern crisis a liability reduction plan had 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 are given to the Municipal administration by the Executive Mayor of ZF Mgcawu District Municipality to sustain the financial health.

Council adopted cost containment measures and a Cost Containment Policy. Audit risks for the 2018/2019 financial year had been identified and attended to in order to ensure that the positive audit outcomes of the past years are maintained.

The unfunded budget of the ZF Mgcawu District Municipality is a matter of great concern and a plan was compiled and tabled to Council in order to address this crisis.

Alternative sourcing of funding and the attainment of projects by ZFM DM is a high priority to address the shortage of funding that is a legacy challenge of the past.

Innovative strategic management was deployed to better the financial health of ZFM DM in the long term.

1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The organizational structure was approved by Council and continues to be amended as the need arises. The organizational 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 2018/2019. 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 District Municipality. There is a Performance Management System Framework in place. The Performance Agreements of the Acting Municipal Manager and Directors were signed and placed on the website.

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

1.6 AUDITOR GENERAL'S REPORT

The Auditor General's report for the 2017/2018 financial year is included in this report. The District Municipality received a Clean Audit report.

The Auditor General's report for the 2018/2019 financial year was released in November 2019 and 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 2019 and the report was subsequently approved in March 2019. 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 2019 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

GOVERNANCE

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.

The ZF Mgcawu District Municipality is an Executive Mayoral type with all the Executive powers of the Council vested in the Executive Mayor, who is assisted by members of the Mayoral Committee. The Council has established a committee system in line with the provisions of Section 79 and 80(1) of the Municipal Structures Act 117 of 1998, as amended.

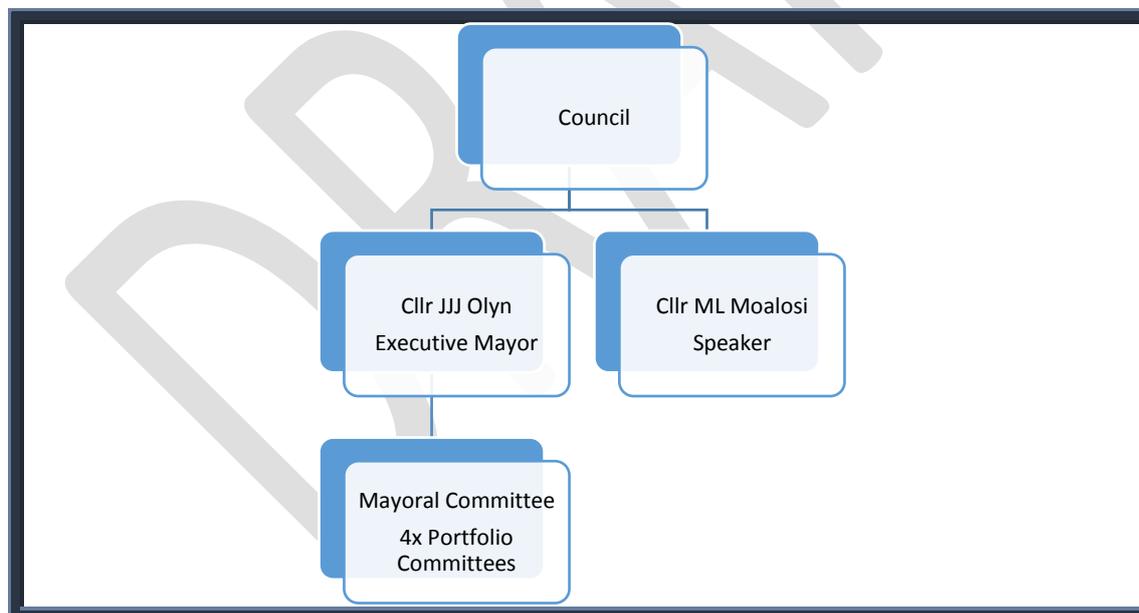
- Political Governance Structure, this structure deals with the political governance of the District Municipality through Political Office Bearers; Council and Committees
- Administrative Governance Structures, this structure, on the other hand, focuses on the administration and management of the Municipality. This is vested in the *Acting Municipal Manager who is the Accounting Officer. The Senior Management Team comprising of Directors assists the Acting Municipal Manager. The Acting Municipal Manager is tasked with the establishment, development and management of sound and effective municipal administration.
*A permanent Municipal Manager was appointed with effect from 1 July 2019 (for the year under review the report will make reference to the Acting Municipal Manager)
- 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 should be comprised of 21 Councillors of which 8 are direct elected Councillors and 13 are seconded to the District Municipality.



The former Executive Mayor, Cllr Abraham Vosloo resigned from Council on the 15th May 2019 and subsequently, Cllr JJJ Olyn was inaugurated on the 30th May 2019.

During the 2018/2019 financial year, the following changes took place in Council:

- Cllr GH Mothibi- Deceased- 08/10/2018
- Cllr PSJ Isaacs- Resigned- 10/05/2019
- Cllr N Prins- Commenced- 30/05/2019

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 to oversee the provision of services to communities in the District Municipality in a sustainable manner.

Municipal Public Accounts Committee (MPAC)

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 the 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 were:

- 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 H Ross [EFF]
- g) Cllr Florence Lee-Anne Witbooi [DA]

Councillors as at the end of 30 June 2019 are:

NAME	POSITION	PARTY	PERIOD
A. Vosloo	Mayor	ANC	Resigned: 15/05/2019
J.J.J. Olyn	Mayor	ANC	Commencement: 30/05/2019
M.L. Moalosi	Speaker	ANC	Commencement: 07/08/2016
G.H. Mothibi	Mayoral Committee	ANC	Deceased: 08/10/2018
P.M. Mgcera	Mayoral Committee	ANC	Commencement: 29/11/2018
J.J.J. Olyn	Mayoral Committee	ANC	Resigned: 29/05/2019
M Mashila	Mayoral Committee	ANC	Resigned: 16/02/2019
M. Bosman	Mayoral Committee	ANC	Commencement: 07/08/2016
J. Lodewyk	Direct Elected Councillor	ANC	Commencement: 02/02/2017
A. de Bruin	Direct Elected Councillor	COPE	Commencement: 01/06/2014
F.L. Witbooi	Direct Elected Councillor	DA	Commencement: 07/08/2016
M.H.B. Van Zyl	Direct Elected Councillor	DA	Commencement: 23/03/2017
S. Esau	Councillor	ANC	Commencement: 07/08/2016
W.D Klim	Councillor	ANC	Commencement: 07/08/2016

NAME	POSITION	PARTY	PERIOD
B.L.B. Bosman	Councillor	ANC	Commencement: 07/08/2016
S. Dubeni	Councillor	ANC	Commencement: 07/08/2016
PSJ. Isaacs	Councillor	ANC	Resigned: 10/05/2019
N. Prins	Councillor	KCF	Commencement: 30/05/2019
B. Bock	Councillor	ANC	Commencement: 03/06/2011
M. Basson	Councillor	DA	Commencement: 07/08/2016
J. Assegaai	Councillor	DA	Commencement: 03/06/2011
M. Mabilo	Councillor	TCF	Commencement: 03/06/2011
A.R. Davids	Councillor	STC	Commencement: 01/08/2018
H. Ross	Councillor	EFF	Commencement: 30/08/2018

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 District Municipality's Integrated Development Plan, that it operates in accordance with the District 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 Municipal Manager as an 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.



Council appointed a Municipal Manager for the ZF Mgcawu District Municipality with effect from 1 July 2019

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 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 and Political IGR are 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 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.

Sound District Inter-Governmental structures are imperative to the ZF Mgcawu District Municipality. These are driven by the District IDP focusing on common goals for the District in collaboration with Local Municipalities in the area of jurisdiction. These common goals form part of the Provincial and National Key Performance Indicators.

The sound cooperation and Inter-Governmental Relations at a District level are maintained and strengthened through lateral engagements on a regular basis between the District and Local Municipalities.

The benefits of sound Inter-Governmental Relations at the District level ensure that issues or challenges are resolved efficiently to ensure a cost-effective service to the community.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 IDP PARTICIPATION AND ALIGNMENT

i. Introduction

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

The 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.

ii. 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 Municipality 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 30 August 2018

iii. 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 Acting Municipal Manager and the IDP Manager. Refinement and Quality Check of the IDP document to ensure compliance with legislation, and provide technical assistance to the Executive Mayor in discharging the responsibilities set out in Section 53 of the Municipal Finance Management Act.

The IDP Representative Forum is responsible for:

- Provide an organizational mechanism for discussion, negotiation and decision making between stakeholders.
- It represents the interest of their constituencies in the IDP process.
- Monitors the performance of the planning and implementation process.
- Comprises of the Mayor, Councillors, Municipal Manager, Directors, representatives of various sectors, NGO's, Government Departments and specialized community members
- IDP Representative Forums were held on 18 October 2018 and 26 February 2019
- IDP Steering committee meetings were held on 17 October 2018 & 19 March 2019

iv. Public Participation

During the engagement session Municipalities were expected to indicate what support interventions they need from the District Municipality.

An engagement session was held on the below date:

Date	Topic	Municipality	Venue	Facilitator	Senior Management Representative
14 November 2018	Draft Budget & IDP	All Local Municipalities	ZF Mgcawu District Municipality	Executive Mayor	Municipal Manager Directors Middle Managers

Municipalities indicated that the assistance that is needed included:

- Need funding for new landfill site
- Capacity needed in terms of Performance Management System, there's a need to cascade performance evaluation to all officials in the Local Municipalities.
- Job evaluation needs to be done
- Municipalities have capacity issues with the South African Municipal Resource System (SAMRAS)
- Spatial Development Framework needs to be reviewed as well as zoning schemes
- Performance Management System needs to be rolled out to lower officials
- The Tourism Plan, LED, Waste Management Plan needs to be reviewed.
- Needs assistance with compilation of Master Energy Plan.
- Non-availability of vacant land; the Municipality received funding for temporary houses.

v. Compliance

- Draft IDP 2019/20 was approved on 29 March 2018
- Final IDP 2019/20 was approved on 31 May 2018 in terms of the mSCOA segments.
- A revised IDP was then tabled to Council on 28 June 2019 to accommodate changes that were made in the budget.
- Chapter 6 of the IDP outlines the linkage between the District Municipality's strategic objectives and its long terms goals that find expression in the implementation of the Key Performance Indicators

vi. Challenges

- Poor attendance of IDP Rep Forums meetings
- Sector Departments did not submit their projects
- A clear link needs to be cemented between the IDP and SPLUMA compliant SDF as the latter is key in promoting desirable land use within the municipality (SDF needs to be reviewed)

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 Local Municipalities and service delivery is enhanced. Hence, for the 2020/2021 round of public participation all role players must give Sector Departments the opportunity to be involved in the planning processes of Municipalities.

IDP PARTICIPATION AND ALIGNMENT CRITERIA	
DOES THE MUNICIPALITY HAVE IMPACT, OUTCOME, INPUT, OUTPUT INDICATORS?	YES
DOES THE IDP HAVE PRIORITIES, OBJECTIVES, KPIS, AND DEVELOPMENT STRATEGIES?	YES
DOES THE IDP HAVE MULTI-YEAR TARGETS?	NO
ARE THE ABOVE ALIGNED AND CAN THEY CALCULATE INTO A SCORE?	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

2.5 WARD COMMITTEES

Ward Committees serve as a communication link between the Municipality and the community. Ward Committees have been the focus of considerable attention by the government as well as civil society, with substantial investment already made in an attempt to ensure that these structures have the necessary capacity and resources required for them to fulfill their envisaged roles as the "voice" of communities

The establishment, training and function of the Ward Committees are based on the following laws and regulations:

- The Constitution of the Republic of South Africa Act (Act No.106 of (1996);
- The Local Government: Municipal Structures Act (Act No. 117 of 1998)
- The Local Government: Municipal Systems Act (Act No. 32 of 2000);
- The White Paper on Local Government
- Regulations in terms of Section 75 (2) of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998 as amended in 2008).
- The National Framework: Guidelines for Provinces and Municipalities in the Implementation of the Ward Funding Model, (Notice 364 of 2009).
- The Nation Framework: Criteria for Determining Out of Pocket Expenses for Ward Committee

- Members (Notice 973 of 8 October 2009)

Establishment of Ward Committees

Ward Committees have been established in the following Municipalities:

- i. Dawid Kruiper -16 Wards
- ii. Kheis -4 Wards
- iii. Kai Garib -10 Wards
- iv. Kgatelopele -4 Wards
- v. Tsantsabane -7 Wards

Status of Ward Committees

Dawid Kruiper: All wards are functional except ward 8 & 9

Kgatelopele: All wards are functional

Kheis: All wards are functional

Tsantsabane: All wards are functional

Kai! Garib: All wards are functional except ward 10

All Ward Committees were inducted besides ward 8 & 9 of Dawid Kruiper and ward 9 of Kai! Garib. The Ward Committee members of the different Local Municipalities receive a stipend of R500 every month except for Kgatelopele Local Municipality that gives them an amount of R1500 quarterly.

CHALLENGES ENCOUNTERED

- Budget not sufficient to reach departmental objectives and goals
- The politics of representation
- Structural limits to power, and
- The vagaries of Councillor and party politics.
- The geographical vastness of the area
- Accessibility of Ward Councillors

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

The ZF 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 the 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 District Municipality.

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 (Unauthorised 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 minimise 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; etc.	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
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

Risk no.	Component/ Unit	Objectives	Consequences	Root Cause	Risk	Department
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

2.7 FRAUD AND ANTI-CORRUPTION

Recognizing that the working environment and organizational culture are the most significant factors that determine how much of a target for Fraud and Corruption an organization will be, the Municipality, therefore, has adopted a prevention approach as it is about understanding the internal and external risks coupled with regular analysis of the administrative environment. Council adopted a Fraud Prevention Strategy and Plan as well as Fraud and Anti-Corruption Policies.

Subsequently, concerted efforts were made by the organization and its leaders to curb the occurrence of Fraud and Corruption and with the adoption of a series of supporting policies, including on ethics, the ZF Mgcawu District Municipality has taken it a few steps further.

These policies and plans create an enabling environment for the development and establishing of anti-fraud culture within our institution. It aims to give 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 regular fraud risk monitoring, the District Municipality manages to enforce low to zero tolerance to risks and that controls are being implemented. Consequently, responsibility is taken to avoid the negative impact that possible Fraud may have on the institution and public service.

Annual and quarterly Fraud awareness sessions raise awareness levels within the institution. This financial year, the Internal Audit Unit of ZF Mgcawu District Municipality conducted an independent survey on Fraud and Corruption.

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.

The ZF Mgcawu District Municipality identified procedures for reporting fraudulent and or corrupt activities. Every employee is duty-bound that, whoever 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. External options are also encouraged.

There are certain important deterrents to Fraud and Corruption within the District Municipality, such as

- Separation of duties
- Exclusion of politicians from procurement processes
- Internal Audit review of processes and adherence to process
- Fraud Registers for both employees and service providers
- Identification of fraud risks, monitoring, and review thereof.

- Conducting quarterly fraud awareness programs
- Investigations of alleged fraud and corruption

2.8 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 the ZF Mgcawu District Municipality Supply Chain Management Policy for the period: 1 July 2018 – 30 June 2019.

Integrated Supply Chain Management aims to add value at each stage of the process – from the 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 28 June 2019.

The Bid Committees held weekly meetings. Specification Committee meetings take place on Mondays, Evaluation Committee on Wednesdays and Tender Committee on Fridays when Tenders are considered.

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

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 13th until the 17th May 2019, the Supply Chain Unit attended a Supply Chain training that was held in Johannesburg on MFMA 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 in the process of completing the Municipal Minimum Competency training.

SUPPLIER DATABASE

According to Circular 81, all suppliers need to be registered on the CSD (Central Supplier Database) by the 1st 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.

ALL TENDERS FOR 2018/2019

TENDER NR	DECRPTION	STATUS	AMOUNT
TENDER 01 - 2018/2019	Official vehicle of the Executive Mayor	Not awarded	N/A
TENDER 02 - 2018/2019	ICT infrastructure	Divine Inspiration trading	R336 334.50
TENDER 03 - 2018/2019	Purchase of an official vehicle (LDV) (RRAMS)	Not awarded	N/A
TENDER 04 - 2018/2019	Short term insurance	Not awarded	N/A
TENDER 05 - 2018/2019	MSCOA Performance Management	Not awarded	N/A
TENDER 06 - 2018/2019		Awarded to Aganang	R5 042 967.32

	Rural Road Asset Management System 2 year and 3 months		
TENDER 07 - 2018/2019	E-Waste Recycling Service	No tenders were received	N/A
TENDER 08- 2018/2019	Telephone System (PABX)	Tender is at pre-evaluation.	N/A
TENDER 09- 2018/2019	Short term insurance for the period 01 July 2019 till 30 June 2020	Awarded to Aon	R 489 325.15

DRAFT

APPROVED PRICE WRITTEN QUOTATIONS

Price written quotation register 2018-2019

<u>NR</u>	<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 1-2018/2019	31-Aug-18	10-Sept-18	20/09/2018	Written Price Quotation for 4 Laptops, Laptop Bags and Mouse	KORDOM'S TRADING	R 61 500
2	Quotation 3-2018/2019	02-Oct-18	12-Oct-18	22/10/2018	Written Price Quotation for 94 Performance Management Gift Vouchers	CMB Procurement	R 55 000
3	Quotation 4-2018/2019	03-Oct-18	09-Oct-18	19/10/2018	Written Price Quotation for cleaning alongside the road from Civic Hall and alongside road leading towards Morning Glory graveyard	LLC Catering	R 164 500
4	Quotation 6-2018/2019	11-Dec-18	18-Dec-18	20/12/2018	Written Quotation for food parcels	Thepa Trading	R 62 000
5	Quotation 8-2018/2019	18-Feb-19	25-Feb-19	07/03/19	Written Price Quotation for sucking of waste from 200 VIP toilets (Sending)	Reonale Construction	R 140 000
6	Quotation 9-2018/2019	25-Feb-19	05-March-19	07/03/19	Written Price Quotation for plastering and repair of 10 toilets in Louisevale	AF Velelo	R 49 900
7	Quotation 10-2018/2019	28-Feb-19	08-March-19	23/05/2019	Written Price Quotation for the upgrade of Metro Ethernet Antenna Link	URB ICT	R 136 300
8	Quotation 11-2018/2019	25-Feb-19	06-March-19	19/03/2019	Written Price Quotation for the purchase of RRAMS vehicle	Volkswagen Upington	R 199 984

NR	Quotation nr	Date advertised	Date closed	Date awarded (order)	DESCRIPTION	Quotation AWARDED TO	Quotation amount
9	Quotation 12-2018/2019	28-Feb-19	08-March-19	27/05/2019	Written Price Quotation for Netgear Ready Nas	URB ICT	R 127 500
10	Quotation 13-2018/2019	25-Feb-19	06-March-19	22/03/2019	Written Price Quotation for cleaning, hoeing and cutting of unwanted grass, bushes and trees (Morning Glory)	THEPA TRADING	R 180 000
11	Quotation 14-2018/2019	15-March 19	21-March-19	29/03/2019	Request for formal Written Price Quotation for cleaning, hoeing and cutting of unwanted grass, bushes and trees (Paballelo)	Precisetask	R 129 500
12	Quotation 15-2018/2019	15-March-19	21-March-19	01/04/2019	Request for formal Written Price Quotations for cleaning, hoeing and cutting of unwanted grass, thorns at the Louisevale Soccer Stadium	SA Malie General Trading	R 178 900
13	Quotation 16-2018/2019	19-March-19	27-March 19	04/04/2019	Request for formal Written Price Quotations for tilling, painting of toilets and general repairs	Kayviene General Services	R 118 500
14	Quotation 17-2018/2019	08-April 19	16-April-19	15/05/2019	Request for formal Written Price Quotations for cleaning, hoeing and cutting of unwanted grass, bushes and trees at the Duine graveyard opposite Kameelmond Settlement	Van Koo Kontrakteurs	R 95 000
15	Quotation 19-2018-2019	08-Apr 19	15-Apr 19	26/04/19	Request for formal Written Price Quotation for catering (1800 people) and transport of 40 people from Sending to Vredesvallei and back	Reonale Construction	R195 000

NR	Quotation nr	Date advertised	Date closed	Date awarded (order)	DESCRIPTION	Quotation AWARDED TO	Quotation amount
16	Quotation 20-2018-2019	08 – Apr 2019	15- April 2019	26/04/2019	Request for formal Written Price Quotations for cleaning of School	CZE Construction	R148 000
17	Quotation 21-2018-2019	18-April-19	25-April-19	26/04/2019	Request for formal Written Price Quotations for catering of 1000 people for Freedom Day 2019	Ivina Holdings	R 100 000
18	Quotation 22-2018-2019	18-April-19	25-April-19	26/04/2019	Request for formal Written Price Quotations for transport for Freedom Day 2019 (Rietfontein)	Sammys Decor	R 120 000
19	Quotation 23-2018-2019	18-April-19	25-April-19	26/04/2019	Request for formal Written Price Quotations for sound and stage for Freedom 2019 (Rietfontein)	DJ Dal	R 45 300
20	Quotation 24-2018-2019	29-April-19	6-May-19	24/05/2019	Request for formal Written Price Quotations for cleaning of Olyvenhoudtsrif School	AF Velelo	R 130 000
21	Quotation 25-2018-2019	23-April-19	29-April-19	30/04/2019	Request for formal Written Price Quotations for 160 food parcels	Sozeta Trading	R 192 000
22	Quotation 26-2018-2019	23-April-19	29-April-19	30/04/2019	Request for formal Written Price Quotations for catering of 500 people	Thepa Trading	R 50 000
23	Quotation 27-2018-2019	23-April-19	29-April-19	02/05/2019	Request for formal Written Price Quotations for the transport of 500 people from Mier, Kleinmier, Rietfontein, Loubos and Welkom to Askham	Degrees General Supplies	R100 000

NR	<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>
24	Quotation 28	03-May-19	10-May-19	10/05/2019	Request for formal Written Price Quotations for SCM Training of 8 officials	Fachs Business Consulting	R 60 720
25	Quotation 29	03- May-19	10-May-19	10/05/2019	Request for formal Written Price Quotations for painting and cleaning of Head Office	Thepa Trading	R 175 150
26	Quotation 30	03-May-19	10-May-19	10/05/2019	Request for formal Written Price Quotations for renovation of male bathrooms of the District Municipality	Kayviene General Service	R 169 400
	TOTAL						R 3 184 154

2.9 WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the ZFM DM Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	YES
All current budget-related policies	YES
The previous annual report 2017/2018	YES
The annual report 2018/2019 to be published in 2020	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 2018/2019	YES
All long-term borrowing contracts 2018/2019	YES
All supply chain management contracts above a prescribed value R100 000 for 2018/2019	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 2018/2019	YES
Contracts agreed in 2018/2019 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 2018/2019	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2018/2019	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 Mgcawu District Municipality has a fully functional website that 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 District Municipality, projects and means by which the community can contact the District Municipality.

2.10 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

PUBLIC SATISFACTION LEVELS

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

2.11 OVERSIGHT COMMITTEE

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

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

3.1 HOUSING

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

We also gave support in respect of the implementation of the housing projects including quality control on the projects. However, there are still some challenges that we experience in the process of resolving the implementation of new projects and running projects that are taking time to complete. These projects have a number of subsidies that were approved by the 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 Local Municipalities to engage them in the information regarding the Project Pipeline and Project Readiness Matrix which will enable identified projects 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 Local Municipalities has limited the responsibilities of the District Municipality to perform housing functions on behalf of the 4 unaccredited Local Municipalities from 5 Local Municipalities which included Mier Local Municipality. Mier Local Municipality is now under Dawid Kruiper Local Municipality, which is an accredited Local Municipality, former //Khara Hais Local Municipality. The District Municipality is in the process of forming the Allocation Committees with the Kai! Garib, !Kheis, Tsantsabane and Kgatelopele Local Municipalities will be responsible for allocating the criteria for beneficiaries of new

projects since the waiting list are no longer used in beneficiary allocations. The District Municipality currently has 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 Local 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 program 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 Local 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 Houses
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

Economic Growth and Development Fund (EGDF)

The District Municipality was involved in the processes of the EGDF application for the full duration of the 2018/2019 financial year. From advertising of the advert to the official approval thereof. A total number of 21 SMME's were approved by the Department of Economic Development and Tourism. The ZF Mgcawu District Municipality is appreciative of the involvement in the process and would like to thank the Department of Economic Development and Tourism (DEDaT) for presenting us with such an opportunity to empower our local SMME's.

SEFA Women in Business Engagement Session

The aim of this session is to engage with the Upington Business Community and to open lines of communication. A wealth of information was shared on how business owners can raise their business profile and business support. How to access funding and be financially empowered was also on the agenda. This session took place on 30 August 2018.

Tourism Awareness Campaign

The ZF Mgcawu District Municipality in collaboration with Dawid Kruiper Local Municipality and the Department of Economic Development and Tourism hosted the Annual Tourism Awareness Campaign during the month of September 2018

Drawing inspiration from the 2018 United Nations World Tourism Organization (UNWTO) , World Tourism Day theme: "Tourism and Digital Transformation," the program highlighted the value of domestic tourism and the critical role it plays in growing an inclusive and sustainable tourism economy.

Tourism Month celebrates South Africa's rich and varied tourism offerings, promoting successful sustainable tourism practices, job creation and economic growth generation. The aim is to use Tourism Month as a vehicle to inspire South Africans to travel in their own country by promoting domestic travel that is easily accessible, affordable and exciting.

This year the Awareness Campaign had two main focusses namely the SC Kearns Tourism Educational Tour and the Tourism Awareness along the N14, which comprised of welcoming of tourists visiting the Green Kalahari. In addition, present

on the N14 were Government Communication Information Systems (GCIS) and Radio Riverside.

SC Kearns Tourism Educational Tour

The District Municipality together with Dawid Kruiper Local Municipality and the Department of Economic Development and Tourism undertook the excursion with the SC Kearns Senior Secondary School who offered tourism as a subject. About sixty (60) learners took part in the program and six (6) teachers assisted us. The Department of Economic Development was responsible for catering and transportation.

Dawid Kruiper Local Municipality handed out refreshment packs in the morning and ZF Mgcawu District Municipality surprised the learners with Cooler boxes as a gift and refreshments. Augrabies National Park presented the educational program and the visit to the different rest camps indicating the existing respective tourism careers.

Tourism Awareness Campaign – N14

The Tourism Awareness Campaign which is also known as the welcoming campaign took place on Friday 28 September 2018 on the N14 (Olifantshoek road) and focused on awareness of activities available to tourists in and around Upington. Welcoming packages consisting of tourism information brochures were distributed amongst tourists driving to or through Upington via the N14 (Olifantshoek Road).

Facility Visits

It is paramount for Tourism officials to conduct regular facility visits across the District, firstly to familiarize yourself with the status/standards of the respective facilities within the Green Kalahari as well as making correct tourism referrals. The Tourism Unit of the ZF Mgcawu District Municipality embarked on facility visits in !Kheis and Kgatelopele Municipal areas during October 2018. Apart from the temporary renovations by some, below are a few other challenges listed by these facility owners:

- Status of access roads
- Funding applications to expand
- The cost of advertising
- Route Development
- Tourism Grading
- Referrals to increase profits
- A platform for raising pertinent tourism-related issues
- Marketing

Lifestyle Adventure Show

The Lifestyle Adventure show took place at the Meerendal Wine farm in Cape Town during 04 – 07 April 2019. The Tourism Unit initially wrote letters to all Local Municipalities for sharing cost but this particular attempt by the District Municipality was unsuccessful due to the non-responsiveness from Local Municipalities.

The District Municipality decided to opt for a cheaper 3x3 meter in order to sell the exclusive and unique product offerings of the Green Kalahari and do the best marketing possible. We took 500 brochures and left with nothing at the end of the show. Inquiries kept on streaming in relating to the Bloodhound project, which was revived just a few days earlier, as well as the Kgalagadi Transfrontier Park.

3.3 SPATIAL PLANNING AND LAND USE MANAGEMENT

The ZF Mgcawu District Joint Municipal Planning Tribunal, established in terms of the Spatial Planning and Land Use Management Act (SPLUMA), 16 of 2013, is currently hosted by the ZF Mgcawu District Municipality ZFM 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 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 MoU
Call for Nominations and Invite	Adverts published by ZFM DM
Evaluation panel	Panel convene on members
Notice of readiness	Adverts published by ZFM

Sign CoC	All members
Training to members	ZFM provide training

The District Municipality ensures that all Land Development Applications (LDAs) are complete for consideration as prescribed by SPLUMA and that the Professional Town Planner provides recommendations. The District Municipality has however become responsible for all processes regarding the lodgment of LDA's and ensure that the LDAs 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 LDAs, 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 ZFM DM to ensure that applications are complete as per SPLUMA. The Land Use Management Bylaws adopted by all the locals are confusing to most applicants due to numerous reasons including;

- Newly implemented SPLUMA 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),
- Local Municipalities not implementing adopted Bylaws.

Other Support provided by ZF Mgcau District Municipality also include the following:

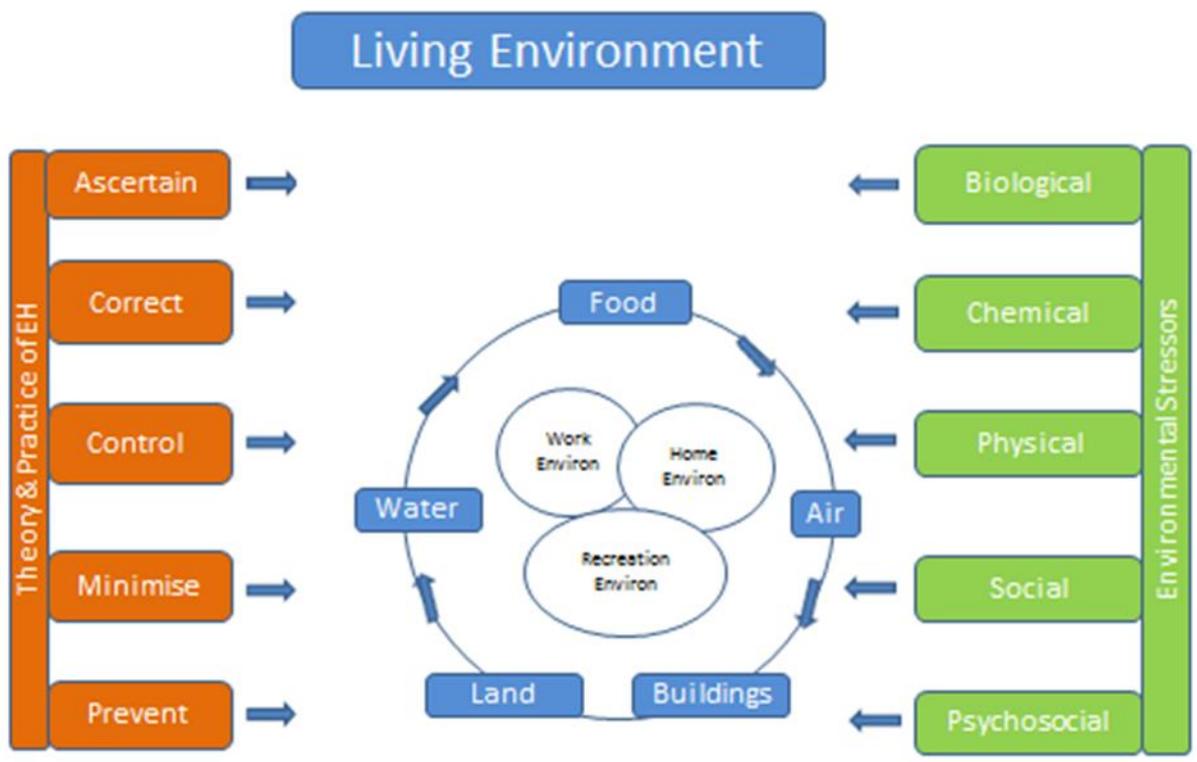
- Assistance to local municipalities in establishing appeal tribunals and adoption of appeal procedures,
- Training on SPLUMA related matters,
- Draft capital contributions for all land development applications,
- Evaluation of Spatial Development Frameworks,
- Evaluation of Land Use Schemes,

- Adoption of Land Use Management Bylaws in terms of SPLUMA,
- Inputs on township establishment by COGHSTA and HAD,
- The signing of Memorandum of Understanding,
- Member on committees responsible for the review of SDFs & LUS

3.4 ENVIRONMENTAL HEALTH SERVICES

Environmental Health comprises of 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 the 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 2018/2019 financial year.

Current operations

There are 8 EHP's (Environmental Health Practitioners) operating in the ZF Mgcawu District Municipality. Of these EHPs, 3 are in Management positions, which leaves 6 operational EHPs 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 forms part of the IDP and is responsible for 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 Services Unit compiles an annual strategic operational plan for every financial year and this Environmental Health Strategic Plan 2018/19, guided the operations of the EH Unit in the District.

Reporting

The Environmental Health Unit reports on its operations as follow:

- Monthly DHIS (District Health Information System) to the Department of Health.
- Monthly to the Mayoral Committee of ZF Mgcawu District Municipality.
- Quarterly to the Portfolio Committee and Technical IGR of ZF Mgcawu District Municipality
- On a quarterly basis, a comprehensive Environmental Health Report is tabled at every Local Municipality where ZF Mgcawu District Municipality renders an Environmental Health Service and these Environmental Health Quarterly reports address all issues under the scope of practice for EHPs.

Evaluation

Operations and production of the Environmental Health Unit as indicated in the IDP and captured in the SDBIP is reviewed quarterly through the Performance Management System and the 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 ZFM and the mitigating measures on the identified risks are monitored quarterly.

Auditing

The Internal Audit Unit of the District Municipality also audited the Environmental Health Unit.

State of Environmental Health in the ZF Mgcawu District

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 shortages, the Unit does its best to perform in the following health indicators:

- Water-Water quality monitoring.
- Sanitation – State of general sanitation in the community and sewerage treatment works.
- Waste Management – Waste site monitoring, clean environment & health care waste management.
- Food control – Regular inspections of food premises & compliance to Regulation R638 regarding hygiene on food premises, transport of food and other hygiene-related matters

- Hygiene – General hygiene of premises and the state of the environment at schools and Early Childhood Development centers.

Challenges

- Local Municipalities do not always give cooperation
- Waste Management in most Local Municipalities is a problem. Landfill sites are not registered and some are registered but do not meet requirements anymore.
- The lack of personnel results in Air Quality and regular inspections suffer.
- Sewerage system overextended and water pollution is inevitable with sanitation blockages
- Various complaints were received relating to poor hygienic standards of tuck shops and on investigation it was found that most tuck shops carry out business without the necessary permission from the Local Municipality, meaning that a certificate for acceptability application cannot be processed
- Lack of cooperation between the District Municipality and Local Municipalities
- The biggest challenge of the Environmental Health Unit is the lack of Environmental Health Practitioners and the necessary funding

3.5 DISASTER MANAGEMENT

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 budget	No Budget	Compiled business plan in order to seek money for the establishment of a disaster centre
			Head of the Disaster Management Centre appointed	Head of Centre not appointed	No budget	No budget	
	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 were send to Department Heads as well as

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
							municipalities for poor attendance
			Register of multi-sectoral participants established and maintained	We have a list of multi sectorial participants			
		Annual Report on Disaster management compiled and submitted to Municipal Council and NDMC (Metro and Districts only)	Report to include amongst others: <ul style="list-style-type: none"> • Activities (must also include each local municipality) during the year • Results of monitoring, prevention and mitigation initiatives 	Annual reports to be compiled end of April each year			Compile annual reports and submit to PDMC
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

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
							Management 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	Does not have a register			Ongoing
KPA 3: Disaster Risk Reduction	Disaster Risk Reduction Plans	Municipal Disaster Management Framework	Each District Municipality must develop a disaster	In Process to Review District Disaster			District Disaster management Framework reviewed and

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
	developed and implemented	established and implemented.	management framework.	management Framework			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 of prevention, mitigation and preparedness, response and recovery mechanisms	In Process to Review and update the District Disaster management Plan in Draft			District Disaster management Pan reviewed and update and approved by council – 30 March 2017 and are part of the IDP
		Seasonal contingency plans developed and submitted to the PDMC	Simulation of plans at least once a year	We have a simulation once a year			

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
		Operational plans for specific events developed and submitted to the PDMC	Simulation of plans at least once a year	We have a simulation once a year			
KPA 4: Response and Recovery	Disaster response and recovery standard operating procedures developed and implemented	Disaster response and recovery standard operating procedures developed and approved by Municipal Council	Each Municipality should have guidelines for: <ul style="list-style-type: none"> On-site assessment of a disaster Process of classification and declaration 	We do have guidelines for disaster response and recovery operating procedures			
Enabler 1: Information Management and Communication Systems	Integrated Disaster management database and information and management	Municipal information and communication management strategies developed and implemented	<ul style="list-style-type: none"> Information Communication Technology to collect, store and disseminate data and reports 	Do have a information system		System not sufficient	No Budget

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
	developed and implemented		<ul style="list-style-type: none"> Early Warning and Emergency communication mechanism to communities 	Only have cell phone and internet mechanisms and we distribute pamphlets			
		Municipal database of all declared disasters developed and maintained	<ul style="list-style-type: none"> Development of a database of all disasters and how each was responded to 	We have a database			
Enabler 2: Education, training, public awareness and research	Education, training and public awareness plans developed and implemented	Annual Plan on Education and Public Awareness developed and implemented	<ul style="list-style-type: none"> Adopted Disaster management Public Awareness Annual Plan 	We do not have a public Awareness Annual plan			Will compile 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

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
			<ul style="list-style-type: none"> Conduct public awareness education and training for communities (especially vulnerable communities) 	We do conduct public awareness, education and training for communities			We do conduct 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 budget			No budget
			<ul style="list-style-type: none"> Quarterly reporting on the expenditure of own funding 	No 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 	No 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 	Yes			
			<ul style="list-style-type: none"> Quarterly reports on performance of the disaster management Centre are prepared and presented to the Council and Advisory Forum meetings. 	We do submit quarterly reports to council			
Fire Brigade Services	Fire Brigade Services established	Municipal Fire Brigade services	Municipal Fire Brigade services established,	Yes	Budget constrains	We do not have the capacity and or trained staff Do not have	

Local Government KPA	National/ Provincial indicators	Municipal Indicators	Minimum Performance Standards	Progress	Reasons for non-compliance	Challenges	Action
	and operational	established and operational	funded and operational			sufficient equipment to deal with fires	

DRAFT

3.6 INFORMATION TECHNOLOGY

Priorities of the Unit:

- Information Technology (IT) Risk Management
- Information and Communication Technology (ICT) Security Management
- Value and service delivery
- Safeguarding of IT assets
- Disaster recovery and continuity of operations
- Support to Local Municipalities
- Improvement of IT audit

M **asures of the Information Technology Unit for the year to improve performance:**

1) Improvements to the Information Technology Infrastructure

- The District Municipality went out on Tender for the rental of new copier machines for 3 years that included a service plan as the old copiers were end of life.
- An additional backup device was purchased for the new mSCOA system to ensure the safekeeping of data of the system and recoverability of data cycles.
- The enrollment of new Office 2016 software with licensing to end-users will be upgraded to Office 2019 in the 2019-2020 financial year. This will improve support and reporting functionality of users.
- An AFS tool was purchased to assist the compiling of the Annual Financial Statements (AFS)
- The wireless link between the District Municipality and its satellite office were upgraded to new improved infrastructure, that provides better connectivity and data transfer rate for backups being made to DR Servers and Backup devices at the Secondary Server room. The security and the encryption of the infrastructure is also better thus ensuring the protection of the data being transferred.

2) Policies and procedures that were implemented:

- No new IT policies were approved however, all existing policies were reviewed during 2018/2019.

3) IT Unit Capacity

- An IT Intern was appointed to assist the IT Department for 2 months. The Intern was studying via the Department of Education's ICT training program. The District Municipality will attempt to make use of Interns on a regular basis to minimize the personnel costs and to assist with the transfer of skills.
- With the upgrade to Windows 10 Pro in the 2019/2020 financial year, the IT Unit will make use of 6-8 Interns to assist with the project for a duration of 3-4 months.

4) IT Meeting and Reporting Structures

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

5) IT Support to Local Municipalities

- IT Security Assessments were completed for the following Local Municipalities during the 2018/2019 financial year: Kheis! Local Municipality, Kai! Garib Local Municipality and Kgatelopele Local Municipality.
- Assistance was given to Kai! Garib Local Municipality for improvements to be done on the physical security regarding the Server Room and the IT Audit is performed at the Local Municipality.
- Quarterly IT Advisory meetings were held to assist, advice, support and monitor IT functions within the Local Municipalities in the District Municipality.

6) Training

- No Training was provided for the 2018/2019 financial year

7) DPSA Implementation

- Council has approved the Municipal Corporate Governance of Information and Communication Technology Policy on the 31st May 2016 and implemented Phase 1

The IT Unit is currently busy with the implementation of phase 2 of the DPSA Framework

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

SALGA will assist the District Municipality and the Local Municipalities with the implementation of the phase.

8) Challenges Experienced

- Funding is needed to move the offsite to a further location and to provide the connectivity to the main building. Alternative locations were inspected and assessments were done.
- Additional staff is required to improve and support the IT infrastructure of the District Municipality

3.7 PROJECT MANAGEMENT

The Project Management Unit is responsible for the implementation of infrastructure-related projects from various sectors. The allocations of funds towards these programs 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.

1. THE EPWP Incentive Grant

ZF Mgcawu District Municipality is a recipient of the Extended Public Works Programme (EPWP) Incentive grant, which is aimed at the creation of job opportunities in the communities as provided in the guidelines from the Department of Public Works.

The District Municipality has worked tirelessly to promote good governance and best practices as we aimed to be a center of excellence and a resourceful center for Local Municipalities and surrounding Municipalities for the 2018/2019 financial year.

The ZF Mgcawu District Municipality has not received the EPWP Incentive Grant allocation for the 2018/19 financial year. However, the District Municipality was unable to spend the 2017/18 Incentive Grant received a sum of R 1 000 000 from the National Department of Public Works (NDPW). The District Municipality had a balance of R261 000 left of the allocation, The District Municipality applied for a rollover which was approved by the National Department of Public Works. With that rollover amount, the District Municipality managed to implement 3 projects which created 64 work opportunities for the 2018/19 financial year.

The following projects were implemented with this grant:

1.1 Cleaning of public facilities

1.1.1 Scope

The town cleaning projects were introduced and aimed at assisting Local Municipalities in areas where they were unable to service and create jobs in poverty-stricken areas. The cleaning of public facilities was implemented in places such as

graveyards, sweeping streets, cleaning parks and school areas and removing litter around landmarks.

1.1.2 Project Location

The project was implemented in Welkom, Askam, Andriesvale, Paballelo, Rosedale and Morning Glory.

1.1.3 Duration of Project

The project commenced in February 2019 and lasted a total of 20 days.

1.1.4 Challenges

The vastness of the sites and lack of transportation extended the initial time planned on the project and internal expenditure control processes of the District Municipality also posed challenges with the timeous payment of beneficiaries but all the issues that have raised were addressed.

1.2 Support of Small Business

1.2.1 Scope of Work

The District Municipality in their Integrated Development Plan has identified the need to support small businesses in order to create sustainable jobs and alleviate poverty and create an opportunity to acquire skills.

1.2.2 Project Location

The project was implemented in Rosedale in the Uppington area

1.2.3 Duration of the Project

This project has been supported through the EPWP since the 2016/2017 financial year and the reason, why it has been identified again, is because of the amount of work it has created and its sustainability (March 2019)

1.2.4 Training

The training was provided as on the job training on how to operate the sewing machines and how to maintain bookkeeping of everyday sales.

1.3 Provision of Basic Services and Sanitation

1.3.1 Scope of Work

- Plaster 10 toilets
- Provide water connections for the 10 toilets
- Repair/replace all broken doors, cisterns, pans, leakages and pipes
- All flushing systems must be fully operational

- Supply material and equipment
- Sucking of waste from 200 VIP toilets
- Cleaning of toilets with deodorants
- Transport waste to the relevant municipal dumping site

1.3.2 Project Location

Projects were located in Louisvale and Sending

1.3.3 Duration of the Project

The project was implemented in the month of March 2019 and was active for 20 days

1.3.4 Work Opportunities

This project created 34 work opportunities

1.4 Annual Summary

Roll over Incentive Grant	: R260 000
Total Transfer	: R260 000
Number of Projects	: 3 Projects
Number of Beneficiaries	: 64 Work opportunities
Work Days	: 80 days
Full Time Equivalent (FTE)	: 5.56
Total Expenditure	: R261 259
Expenditure (%)	: 100%

2. Rural Roads Asset Management System Grant

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 improve the operating cost of vehicles.

The attributes, extent and location of assets are to be considered based on existing data available at the time of the RRAMS program initiation and the observation of the assets identified in the field during DATA collection activities. The development of asset inventories and fixed asset registers (FAR) should conform to 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 a reassessment of ownership.

2.1 Inventory Assessment

Assessments for the Dawid Kruiper Local Municipality are finished for the whole Municipality except Upington. Upington and the surrounding areas are the greater part of the whole Local Municipality thus the assessment is completed at 40%. Assessments were done in Tsantsabane Local Municipality and Kgatelopele Local Municipality for the 2018/19 financial year. The assessments in Lime Acres were placed on hold due to the disputes that the graduates encountered while assessing the town. The Mine representatives of Petra Diamond Mine claims that the roads and Inventory is under the ownership of the mine. A meeting between the RRAMS team, Kgatelopele Local Municipality and the Mine is to be scheduled to get clarity on the ownership of the road network in Lime Acres.

2.2 RRAMS Traffic Counts

Traffic Monitoring and axle load is the process of measuring and collecting various traffic and vehicle characteristics such as traffic count and axle loads. These characteristics are mainly intended for use in the engineering management, planning and design of road networks and infrastructure.

Local Municipality	Percentage completed	Comments
Dawid Kruiper Local Municipality	0%	Traffic counts to be conducted in 2019/20 financial year, 35 stations were identified and a minimum of 72 numerators will be hired.
Tsantsabane Local Municipality	100%	Field work and the data capturing is complete and data was send to National Department of Transport (NDoT). (Traffic counts were conducted in 2017/18 financial year.)
Kgatelopele	0%	Traffic counts were planned for 2018/19 financial year but none were conducted. The

Local Municipality		RRAMS team needs to meet with Kgatelopele LM and Petra Diamond Mine representatives to discuss the road ownership of Lime Acres in order to conduct traffic counts in 2019/20 financial year.
!Kheis Local Municipality	100%	Traffic counts were conducted and captured, the data was submitted to NDoT.
Kai !Garib Local Municipality	100%	Traffic counts were conducted and captured, the data was submitted to NDoT. Counts were conducted in Kenhardt in the month of November 2018. (5 stations were completed, see figure1 for map sample.)

The graduates trained the numerators on the importance of traffic counts and how to count the vehicle properly. Traffic counting was for a period of three days for 12 hours per day. Traffic counts were conducted from 26 – 29 November 2018 in Kenhardt, for the Kai! Garib Local Municipality. The data collected was captured and cleaned by the graduates. The data and traffic count shapefile was send to the National Department of Transport. Traffic counts were planned for Dawid Kruiper Municipality and Kgatelopele Municipality. The stations have been identified by the graduates and confirmed by the Local Municipalities. The traffic counting has been postponed to the 2019/2020 financial due to the appointment of Aganang Consulting Engineers as the new service provider for the District.

2.3 RRAMS Training Report

The grant prioritizes the appointment of graduates for the sake of capacity building at the District Municipality for Technical development and service delivery. Capacity building in the Engineering field at the District Municipality is critical as we experience that the Engineers at most Local Municipalities are at the retiring stage and many of the highly experienced Engineers have moved out of the country for greener pastures.

The Program aims to capacitate young technicians who can bridge the gap and allow for skills to be transferred from the experts to the young students and graduates in Engineering. Without the transfer of proper skills and mentorship, there is going to be an increase in the gap and eventually result in poor infrastructure development and maintenance.

The RRAMS graduate development is intended to develop an understanding of the systems and the role of maintenance of infrastructure to sustain development. The graduates at this stage are trained based on road infrastructure and will also be introduced to the different sectors of the Municipality i.e. Water and Sanitation, structures and buildings if possible.

The training which the graduates have been provided for the year is listed below.

Description	Date	Source	CPD Points/ Recognition	Participants
Road to Registration for Candidate Engineers, Technologists and Technicians	19 February 2019	SAICE in Midrand	CPD point	M Finger, T Machogo, P Malatji

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
ZFM/ CRYSTAL LAGOON ZFM1/0002 Legal Opinion	The office was rented by the client from Chrystal Lagoon on a monthly basis and the client requested an opinion regarding the lease contract since certain of the obligations of the lessor was not met. It was further the instruction to address a letter to Chrystal Lagoon dealing with inter alia the terms of reference of the tender, full use of offices, breach of contract, electrical supply and withholding payment by the lessee for a certain period	Studying the documents addressing the matter R5000.00 Statement of R444.75 was rendered and paid in full on 25 April 2019	An opinion was requested and supplied. The necessary letter was written. The parties then entered a mediation process and resolved the matter. The invoice was paid in full The file was closed
SIY1-B/0020 APRIL JACOBS	Labour Matter	The Applicant (Jacobs) failed to file any papers as directed by the judge	We are pending our file in abeyance of the applicant's

	Instruction to choose an application for rescission	and the matter is still pending	papers, whereafter we will file our papers
J. van Wyk & 3 Others J1062/2015	SAMWU applied to review and set aside the appointment	R350 000.00	The matter is dormant due to the Applicant not prosecuting

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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 28 March 2019. Similarly, the Council also approved all budgets and budget-related policies. 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 2019	Reports submitted	28 March 2019	28 March 2019
Effective functioning of Council measured in terms of the number of Council meetings	No of Council meetings per annum	4	4
Effective functioning of the Mayoral Committee	No of Mayoral Committee meetings	11	11
Adjustment approved by Council	Adjustment approved	31 January 2019 28 June 2019	31 January 2019 28 June 2019
Main budget approved by Council	Budget approved	30 May 2019	30 May 2019
Effectiveness of the Audit Committee	No of Audit Committee meetings	4	6

Effectiveness of Portfolio Committees	No of meetings held	4	3
---------------------------------------	---------------------	---	---

Council Meetings	Special Council Meeting	Portfolio Standing Committee	MPAC Meeting
<ul style="list-style-type: none"> ▪ 30/8/2018 ▪ 29/9/2018 ▪ 31/1/2019 ▪ 28/3/2019 	<ul style="list-style-type: none"> ▪ 17/5/2019 ▪ 28/6/2019 	<ul style="list-style-type: none"> ▪ 30/8/2018 ▪ 28/11/2018 ▪ 27/3/2019 	<ul style="list-style-type: none"> ▪ 30/8/2018 ▪ 29/11/2018 ▪ 30/1/2019 ▪ 27/3/2019 ▪ 21/6/2019

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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, compliance with Human Resource Management legislation and practices, are maintained in the District 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. 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 2018/2019		Year 2018/2019		
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Office of the MM	2	2	1	1	%
Strategic Management	1	1	1	0	
Communication & IGR	5	5	5	0	
Internal Audit	5	5	5	0	
Risk Management	2	2	2	0	
Office of the Executive Mayor	8	8	7	1	
Office of the CFO	2	2	1	1	
Expenditure	5	5	5	0	
Assets	4	4	3	1	
Supply Chain	4	4	4	0	
Budget & Treasury	5	5	5	0	
Interns FMG	5	5	4	1	
Corporate Services Director	1	1	1	0	

Description	Year 2018/2019	Year 2018/2019			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
Administration & Council Secretariat	3	3	3	0	
Registry & Archives	4	4	3	1	
Cleaning & Maintenance	6	6	5	1	
HR Management	4	4	4	0	
HR Development	2	2	2	0	
Labour Relations	1	1	1	0	
Security	8	8	6	2	
IT	3	3	3	0	
Planning & Development Director	1	1	1	0	
Environmental Health	9	9	9	0	
Tourism & LED	3	3	3	0	%
IDP	2	2	2	0	
PMU	3	3	3	0	
Housing	5	5	3	2	
Town Planning	1	1	1	0	
Disaster Management	8	8	8	0	
PMS	2	2	2	0	%
Totals	114	114	103	11	-
<i>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.</i>					T4.1.1

Vacancy Rate: Year 2018/2019			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
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
<i>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</i>			T4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2018/2019	4	3	75.00%
<i>* 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</i>			T4.1.3

4.2 POLICIES

Name of Policy	Date Adopted or Reviewed by Council
Employment Equity Plan	28 June 2019
Bursary	31 May 2018
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

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4.3 INJURIES AND SICKNESS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	9	3	0.00%	1.8	
Temporary total disablement	0	0		0	
Permanent disablement	0	0	0.00%	0	
Fatal	0	0	0.00%	0	
Total	9	3	33.33%	1.8	0

T4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employee	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 13-16)						
Skilled (Levels 10-12)	337			39	8.64	
Highly skilled production (levels 7-9)	469			31	15.13	
Highly skilled supervision (levels 4-6)	346			23	15.04	
Senior management (Levels 0-3)	217			11	19.73	
MM and S57	17			3	5.67	
Total	1386					

* - Number of employees in post at the beginning of the year
 *Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T4.3.2

4.4 LABOUR RELATIONS

Functions of Labour Relations:

- Co-ordinates and control the application of industrial relations and specific procedures.
- Attending to and guiding disciplinary and grievance processes
- Reporting to specific Committees on the function
- Capacitating employees on the application and interpretation of policies and agreements
- Attending to administrative requirements, circulation of reports and notifications.

Number and Period of Suspensions				
Position	Nature of alleged misconduct	Date of suspension	Details of Disciplinary Action taken or status of the case and reasons why not finalized	Date finalized
EHS Practitioner	Provocative and aggressive behavior to a fellow employee	2018-09-12	The Official has resumed work on 18 March 2019 after negotiations with the Union.	2019-03-18

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

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4.5 SKILLS DEVELOPMENT AND TRAINING COMPETENCY DEVELOPMENT (CPMD)

This report is based on the new reporting template annexure - C - Gazette 41996 (Gazette 41996 of 26 October 2018) is an amendment to Gazette 29967 of 15 June 2007.

The Gazette only warrants that the municipality report on the following positions:

1. CEO (entity)
2. CFO (municipality)
3. CFO (entity)
4. Senior Managers (MSA S56)
5. Middle Manager

NB. There are major changes to the amended Gazette 29967, which is now 41996:

1. Positions.
2. Date of employment
3. NQF levels
4. Work-related experience
5. Performance agreements

Gazette 29967 of 15 June 2007-MFMA Competency Regulations (June 2007)

CPMD TRAINING 2018/2019: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 level (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	0	
<i>Chief financial officer</i>	1	0	1	0	1	
<i>Senior managers</i>	1	0	1	0	0	
<i>Any other financial officials</i>	0	0	0	0	0	
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	0	1	
<i>Supply chain management senior managers</i>	0	0	0	1	0	
TOTAL	4	0	4	1	2	

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

New Reporting Template- Gazette 41996 of 26 October 2018

Surname	Name	ID Number (type in all 13 digits, with no spaces)	Position (select from scroll button)	Date of Employment (before or on/after Gazette 41996)	1. Higher Education Qualification (New NQF Levels)	2. All Relevant Work Related Experience (select from scroll button)	3. Performance Agreements and FM & SCM levels (select from scroll button)	4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F)	Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc.	Remaining Unit Standards (Do not complete as this column is automated with column J and K)
Van Zyl	Jacobus	6104275004087	Senior Manager (MSA S	on/after 26 Oct 201	NQF Level 6 - National Diplom	7 years an	Performance Agreements signed,	15	24	-9
Beukes	Petrus	6501115102080	CFO Municipality	on/after 26 Oct 201	NQF Level 6 - National Diplom	7 years an	Performance Agreements signed,	20	24	-4
Britz	Eloise	8403070127087	Middle Manager: Finance	on/after 26 Oct 201	NQF Level 6 - National Diplom	7 years an	Performance Agreement not requi	15	24	-9
Kitching	Albert	8411245070082	Middle Manager: Finance	on/after 26 Oct 201	NQF Level 6 - National Diplom	7 years an	Performance Agreement not requi	15	24	-9
Scheepers	Lenita	8704100142081	Middle Manager: Finance	on/after 26 Oct 201	Lower than NQF Level 6	7 years an	Performance Agreement not requi	15	15	0
Wolfe	Marshall	8908085364087	Middle Manager: Finance	on/after 26 Oct 201	Lower than NQF Level 6	7 years an	Performance Agreement not requi	15	24	-9
Lategan	Gilbert	5808035112086	Senior Manager (MSA S	on/after 26 Oct 201	Lower than NQF Level 6	7 years an	Performance Agreements signed,	15	19	-4
Phete	Annzonia	8602210215088	Middle Manager: Finance	on/after 26 Oct 201	Lower than NQF Level 6	7 years an	Performance Agreement not requi	15	16	-1
Visagie	Julandy	8001070163084	Middle Manager: Finance	on/after 26 Oct 201	NQF Level 6 - National Diplom	7 years an	Performance Agreement not requi	15	15	0

Comment on Skills Development

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

The Work Skills Plan is a template that the LGSETA provides where reporting and planning take place and is 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 labor 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 programs
- e) To improve the employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education

CHAPTER 5

FINANCIAL INFORMATION

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENT OF FINANCIAL PERFORMANCE

	Note	Actual	
		2019 R	2018 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	15	79 797 677	64 786 497
Impairment Gains	22	242 529	295 545
Revenue from Exchange Transactions			
Rental from Fixed Assets	16	6 928	7 119
Interest and Rent on Land Earned	17	669 634	607 988
Operational Revenue	18	591 142	515 874
Gains on Disposal of Capital Assets	29	-	180
Total Revenue		81 307 910	66 213 203
EXPENDITURE			
Employee Related Costs	19	44 657 964	46 823 972
Remuneration of Councillors	20	3 676 528	3 728 041
Depreciation and Amortisation	21	834 437	632 550
Impairment Losses	22	361 792	91 289
Interest and Rent on Land	23	90 858	-
Contracted Services	24	6 268 813	4 112 288
Inventory Consumed	25	293 339	274 715
Transfers and Subsidies Paid	26	830 046	131 545
Operating Leases	27	828 093	577 575
Operational Costs	28	10 796 943	9 724 429
Loss on Disposal of Capital Assets	29	48 911	16 759
Total Expenditure		68 687 724	66 113 162
SURPLUS / (DEFICIT) FOR THE YEAR		12 620 186	100 042

5.2 STATEMENT OF FINANCIAL POSITION

	Note	Actual 2019 R	2018 Restated R
ASSETS			
Current Assets		1 830 703	1 352 214
Receivables from Exchange Transactions	2	310 383	253 627
VAT Receivable	3	228 127	370 809
Cash and Cash Equivalents	4	1 276 631	636 793
Current Portion of Long-term Receivables	5	15 562	90 986
Non-Current Assets		22 173 453	21 227 930
Property, Plant and Equipment	6	21 754 613	21 035 301
Intangible Assets	7	397 161	161 134
Long-term Receivables	8	21 679	31 495
Total Assets		<u>24 004 156</u>	<u>22 580 144</u>
LIABILITIES			
Current Liabilities		14 288 377	20 749 450
Provisions	9	2 520 113	2 655 848
Payables from Exchange Transactions	10	11 064 255	13 610 211
Unspent Conditional Grants and Receipts	11	462 289	4 483 392
Current Portion of Long-term Liabilities	12	241 720	-
Non-Current Liabilities		30 070 869	34 805 970
Long-term Liabilities	12	421 572	-
Employee Benefit Liabilities	13	29 649 297	34 805 970
Total Liabilities		<u>44 359 246</u>	<u>55 555 420</u>
Total Assets and Liabilities		<u>(20 355 090)</u>	<u>(32 975 276)</u>
NET ASSETS		(20 355 090)	(32 975 276)
Accumulated Surplus / (Deficit)	14	(20 355 090)	(32 975 276)
Total Net Assets		<u>(20 355 090)</u>	<u>(32 975 276)</u>

5.3 CASHFLOW STATEMENTS

	Note	Actual 2019 R	2018 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies	15	75 776 574	62 646 618
Rental from Fixed Assets	16	6 928	7 119
Interest and Rent on Land Earned	17	669 634	607 988
Other Receipts		653 375	742 938
Payments			
Employee Related Costs		(49 929 313)	(46 493 710)
Remuneration of Councillors	20	(3 676 528)	(3 728 041)
Interest and Rent on Land Paid	23	(90 858)	-
Suppliers Paid		(9 936 200)	(3 608 350)
Other Payments		(11 602 378)	(9 910 178)
VAT Receivable / Payable		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>1 871 233</u>	<u>264 384</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	6	(1 537 426)	(78 725)
Purchase of Intangible Assets	7	(346 275)	-
Proceeds on Disposal of Property, Plant and Equipment	29	45 014	24 640
Proceeds on Disposal of Intangible Assets		-	-
Decrease / (Increase) in Long-term Receivables		(10 332)	137 627
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(1 849 018)</u>	<u>83 541</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		783 000	-
Repayment of Borrowings		(165 377)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>617 623</u>	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>639 838</u>	<u>347 925</u>
Cash and Cash Equivalents at Beginning of Period		636 793	288 868
Cash and Cash Equivalents at End of Period	4	1 276 631	636 793

5.4 GRANTS

	2019 R	2018 R
15.1 Operational Grants		
National Revenue Fund:		
Equitable Share	66 094 000	55 770 144
National Governments:		
Allocations Gazetted:	4 127 258	4 734 240
Expanded Public Works Programme Integrated Grant	261 258	738 742
Local Government Financial Management Grant	1 000 000	1 135 498
Road Asset Management Systems Grant [Schedule 5B]	2 866 000	2 860 000
Allocations Not Gazetted:	472 574	731 120
Subsidy for External Audit Fees	472 574	731 120
Provincial Government:		
Allocations Gazetted:	2 152 028	2 612 521
Housing	750 000	1 541 780
Disaster Management - Near Project Subsidy	246 437	240 654
Disaster Management - Fire Equipment Grant	148 792	-
Other	1 006 799	830 087
Allocations Not Gazetted:	6 857 817	649 037
Health	94 292	95 110
Housing	1 000 000	-
Disaster and Emergency Services	950 000	-
Capacity Building	813 525	553 928
Other	4 000 000	-
	79 703 677	64 497 062
15.2 Capital Grants		
Provincial Government:		
Allocations Gazetted:	-	289 435
Regional Bulk Infrastructure Grant	-	289 435
15.3 Private Enterprises		
Allocations Not Gazetted:	94 000	-
Private Enterprises	94 000	-
Total Operational Grants Received	79 797 677	64 786 497
15.4 Reconciliation per Grant Source		
15.4.1 National Governments: Financial Management Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	(114 502)
Current year receipts	1 000 000	1 250 000
Conditions met for 2017/18 - transferred to	-	-
Conditions met - transferred to Revenue: Operating Expenses	(785 333)	(1 135 498)
Conditions met - transferred to Revenue: Capital Expenses	(214 667)	-
Conditions still to be met - transferred to Liabilities (see Note 11)	-	-

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.

	2019 R	2018 R
15.4.2 National Governments: Rural Road Asset Management Systems		
Allocations Gazetted:		
Balance unspent at beginning of year	-	1 889 761
Current year receipts	2 866 000	2 860 000
Conditions not met: Operating Expenses (Withheld by National Treasury)	-	(1 889 761)
Conditions met - transferred to Revenue: Operating Expenses	(2 586 541)	(2 860 000)
Conditions met - transferred to Revenue: Capital Expenses	(279 459)	-
Conditions still to be met - transferred to Liabilities (see Note 11)	-	-
	<u>-</u>	<u>-</u>

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).

15.4.3 National Governments: EPWP Incentive Grant

Allocations Gazetted:		
Balance unspent at beginning of year	261 258	310 383
Current year receipts	-	1 000 000
Conditions not met: Operating Expenses (Withheld by National Treasury)	-	(310 383)
Conditions met - transferred to Revenue: Operating Expenses	(261 258)	(738 742)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	-	261 258
	<u>-</u>	<u>261 258</u>

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.

15.4.4 Provincial Government: Disaster Management - Near Project Subsidy

Allocations Gazetted:		
Balance unspent at beginning of year	246 437	137 090
Current year receipts	-	350 000
Conditions met - transferred to Revenue: Operating Expenses	(246 437)	(240 654)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	-	246 437
	<u>-</u>	<u>246 437</u>

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.

15.4.5 Provincial Government: Disaster Management - Fire Equipment Grant

Allocations Gazetted:		
Balance unspent at beginning of year	148 792	148 792
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(148 792)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	-	148 792
	<u>-</u>	<u>148 792</u>

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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.

	2019 R	2018 R
15.4.6 Provincial Government: DRD Sewer network and oxidation ponds RVM V/V		
Allocations Gazetted:		
Balance unspent at beginning of year	-	289 435
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(289 435)
Conditions still to be met - transferred to Liabilities (see Note 11)	-	-

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.

15.4.7 Provincial Government: Housing Accreditation DPLG National

Allocations Gazetted:		
Balance unspent at beginning of year	-	491 780
Current year receipts	750 000	1 050 000
Conditions met - transferred to Revenue: Operating Expenses	(750 000)	(1 541 780)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	-	-

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

15.4.8 Provincial Government: Kgotso Pula Nala

Allocations Gazetted:		
Balance unspent at beginning of year	1 006 799	1 836 886
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 006 799)	(830 087)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	-	1 006 799

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.

15.4.9 Provincial Government: Kgotso Pula Nala

Allocations Not Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	4 000 000	-
Conditions met - transferred to Revenue: Operating Expenses	(4 000 000)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	-	-

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.

15.4.10 Provincial Government: SPLUM**Allocations Not Gazetted:**

	2019 R	2018 R
Balance unspent at beginning of year	1 000 000	-
Current year receipts	-	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	(1 000 000)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	<u>-</u>	<u>1 000 000</u>

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

15.4.11 Provincial Government: Disaster Management**Allocations Not Gazetted:**

Balance unspent at beginning of year	950 000	-
Current year receipts	-	950 000
Conditions met - transferred to Revenue: Operating Expenses	(950 000)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	<u>-</u>	<u>950 000</u>

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.

15.4.12 Provincial Government: Financial Support Grant**Allocations Not Gazetted:**

Balance unspent at beginning of year	813 525	1 367 452
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(813 525)	(553 928)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	<u>-</u>	<u>813 525</u>

The Financial Support Grant is paid by Provincial 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.

15.4.13 Provincial Government: HIV and AIDS (Provincial Health Department)**Allocations Not Gazetted:**

Balance unspent at beginning of year	56 581	151 691
Current year receipts	500 000	-
Conditions met - transferred to Revenue: Operating Expenses	(94 292)	(95 110)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 11)	<u>462 289</u>	<u>56 581</u>

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

15.4.14 Summary of Conditional Grants:

	2019 R	2018 R
Balance unspent at beginning of year	4 483 392	6 508 769
Current year receipts	9 116 000	8 460 000
Conditions not met: Operating Expenses (Withheld by National Treasury)	-	(2 200 144)
Conditions met - transferred to Revenue: Operating Expenses	(12 642 977)	(7 995 798)
Conditions met - transferred to Revenue: Capital Expenses	(494 126)	(289 435)
Conditions still to be met - transferred to Liabilities	<u>462 289</u>	<u>4 483 392</u>
Grants classified under Receivables from Non-exchange Transactions	-	-
Unspent Conditional Grants - Current Liabilities (see Note 11)	<u>462 289</u>	<u>4 483 392</u>

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5.5 ASSET MANAGEMENT

The Asset Management Unit in the Financial Services Directorate'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 ZF Mgcawu District Municipality is governed by an Asset Management Policy adopted in 2010 and is reviewed annually. The latest review took place on 28 June 2019. The policy serves to ensure that the District Municipality:

- Has consistent application of Asset Management principles
- Implement accrual accounting
- Complies with the MFMA and 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 MFMA. The Acting Municipal Manager has delegated the custody and the responsibility for assets to the various Directors as defined in the organizational structure of the ZFM District Municipality.

Acquisitions

Asset additions made during the year amounts to R1 016 417 which has been reconciled to the general ledger as on 30 June 2019 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 2019 and Council will then decide whether it should be sold at an auction, sold by price written quotation or another procurement process. ZF Mgcawu District Municipality still have assets that were written off in the previous financial year that should be donated to schools and other organizations in the ZF Mgcawu District Municipal area.

5.6 PPP

PUBLIC-PRIVATE PARTNERSHIPS

The District Municipality does not have any Public-Private Partnerships.

COMPONENT B: OTHER FINANCIAL MATTERS

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 however more should be done to maintain this standard.

5.9 BBEE COMPLIANCE PERFORMANCE INFORMATION

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

5.9.1 Ownership and Management Control					
			Senior Management	Middle Management	Junior Management
% or Number for each Category					
Race classification					
- African			-	-	36
- Coloured			1	2	65
- White			1	4	5
Gender					
- Male			2	4	51
- Female			-	2	55
Age					
- Youth (between the ages of 18 - 35)			-	15	35
- Middle aged (between the ages of 36 - 50)			-	16	35
- Senior (older than 50)			2	4	7
Disability					
- Male			-	-	1
- Female			-	-	1

			Target Score	Bonus Points	Actual Score
Contribution to Scorecard					-
5.9.2 Skills development					
	Black Employees	Black Non-employees	Black People in Internship, Learnerships	Unemployed Black People	Black People Absorbed
Number for each Category					
Race classification					
- African	-	-	-	-	-
- Coloured	-	-	-	-	-
- White	-	-	-	-	-
Gender					
- Male	-	-	-	-	-
- Female	-	-	-	-	-
Age					
- Youth (between the ages of 18 - 35)	-	-	-	-	-
- Middle aged (between the ages of 36 - 50)	-	-	-	-	-
- Senior (older than 50)	-	-	-	-	-
Disability					
- Male	-	-	-	-	-
- Female	-	-	-	-	-
Total amount spent	-	-	-	-	-
			Target Score	Bonus Points	Actual Score

Contribution to Scorecard					-
5.9.3 Enterprise and Supplier Development					
			EME's	QSE's	Large
Enterprise Development					
Number of Beneficiaries			-	-	-
% Black ownership			0%	0%	0%
% Black Women ownership			0%	0%	0%
Value of Expenditure			-	-	-
Supplier Development					
Number of Beneficiaries			-	-	-
% Black ownership			0%	0%	0%
% Black Women ownership			0%	0%	0%
Value of Expenditure			-	-	-
Total: Enterprise and Supplier Development					
Number of Beneficiaries			-	-	-
% Black ownership			0%	0%	0%
% Black Women ownership			0%	0%	0%
Value of Expenditure			-	-	-
			Target Score	Bonus Points	Actual Score
Contribution to Scorecard					-

5.9.4 Socio-Economic Development					
		African	Coloured	White	Total
Number of all participants		-	-	-	-
Gender					
- Male		-	-	-	-
- Female		-	-	-	-
Location (number of participants per province)					
- Gauteng		-	-	-	-
- Mpumalanga		-	-	-	-
- Freestate		-	-	-	-
- Limpopo		-	-	-	-
- Western Cape		-	-	-	-
- Eastern Cape		-	-	-	-
- Northern Cape		-	-	-	-
- Kwazulu-Natal		-	-	-	-
- North West		-	-	-	-
Value of expenditure					-
-					
			Target Score	Bonus Points	Actual Score
Contribution to Scorecard					-

CHAPTER 6

AUDITOR GENERAL REPORTS

AG REPORT 2017/2018 AND 2018/2019

The ZF Mgcau District Municipality received an unqualified audit opinion for the sixth year in a row for the 2017/2018 financial year.

An opinion is said to be unqualified when the Auditor General concludes that the Financial Statements give 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 for the 2017/2018 financial year the ZF Mgcau District Municipality did 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 2018/2019 Auditor General's Report as received from the Auditor General in November 2019.

AUDITOR GENERAL'S REPORT 2017/2018

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 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.
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 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

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

Material uncertainty relating to going concern

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

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 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

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

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the 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

12. 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

13. 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.

14. 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

15. 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.

16. 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

17. 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.
18. 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.
19. 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

20. 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.
21. 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

22. I draw attention to the matters below.

Achievement of planned targets

23. 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

24. 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

25. 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.
26. 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

27. 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.
28. 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.
29. 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.
30. 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

31. 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.

Auditor General

Kimberley

30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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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.

AUDITOR GENERAL'S REPORT 2018/2019

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 X to X, which comprise the statement of financial position as at 30 June 2019, 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.
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 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 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

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 30 June 2018 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 2019.

Other matter

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

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and the Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. 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

12. 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 financial statements.
13. 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

14. 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.

15. 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.
16. 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 2019:

Objectives	Pages in the annual performance report
Objective 1 - To monitor and determine the housing backlogs in the district as well to inform the public on housing information	23 – 26
Objective 2 - To assess and provide targeted support improving institutional capacity and service delivery capabilities of Category B Municipalities	27 – 32
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	33 – 42
Objective 4 - To promote safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of fire and disaster risks	55 – 59

17. 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.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for these objectives:
- Objective 1 - To monitor and determine the housing backlogs in the district as well 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 4 - To promote safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of fire and disaster risks

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 22 to 60 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

21. 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 2, objective 3, and objective 4. 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

22. 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.
23. The material finding on compliance with specific matters in key legislations are as follows:

Procurement and contract management

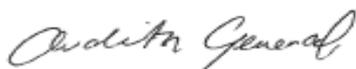
24. All of the competitive bids were adjudication by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). This non-compliance was identified in the procurement processes for the rental of office for the executive mayor, ICT infrastructure, appointment of engineering consultants to render implementation and management of the rural roads assets management system grant, and insurance services.

Other information

25. 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.
26. 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.
27. 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.
28. 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

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the the findings on the annual performance report and the findings on compliance with legislation included in this report.
30. The accounting officer did not exercise adequate oversight responsibility over compliance with laws and regulations, as well as internal control.



Kimberley

30 November 2019

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 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.

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

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APPENDICES

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Appendix A-

COMMITTEE ALLOCATION

FINANCE VIABILITY

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

INSTITUTIONAL DEVELOPMENT

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

SOCIAL ECONOMIC DEVELOPMENT

- Cllr Paulus Mgcera (Chairperson)(Mayoral Committee Member)
- Cllr Bary Bosman
- Cllr Alister Davids
- Cllr Priscilla 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 H. Ross
- Cllr Florence Lee-Anne Witbooi

Appendix B- COMMITTEES AND COMMITTEE PURPOSES

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COMMITTEE OTHER THAN MAYORAL AND THEIR PURPOSES	
Institutional Development	This committee deals with institutional matters including administration and human resources
Service Delivery	This committee deals with service delivery issues also focusing on local municipalities
Social and Local Economic Development	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

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Senior Management as at 30 June 2019	
Acting Municipal Manager: Mr JG Lategan	1/9/2018-30/06/2019
Acting Municipal Manager: Mr AK Tieties	1/7/2018- 31/08/2018
Director: Finances: Mr P Beukes	1/7/2018-30/6/2019
Director: Corporate Services: Mr DJ Van Zyl	1/7/2018-30/6/2019
Director: Planning and Development: Mr JG Lategan	1/7/2018-30/6/2019

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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	
Childcare 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 harbors, excluding the regulation of international and national shipping and matters related thereto	NO	
Stormwater 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 COMMITTEE RECOMMENDATIO- NS



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>0</i>	<i>Quarter 1- AFS</i>	<i>0</i>	<i>Quarter 1- AFS</i>	<i>0</i>
<i>Quarter 1</i>	<i>0</i>	<i>Quarter 1</i>	<i>0</i>	<i>Quarter 1</i>	<i>0</i>
<i>Quarter 2</i>	<i>7</i>	<i>Quarter 2</i>	<i>7</i>	<i>Quarter 2</i>	<i>0</i>
<i>Quarter 3</i>	<i>12</i>	<i>Quarter 3</i>	<i>8</i>	<i>Quarter 3</i>	<i>4</i>
<i>Quarter 4</i>	<i>6</i>	<i>Quarter 4</i>	<i>0</i>	<i>Quarter 4</i>	<i>6</i>
<i>LAUNCHED</i>	<i>25</i>	<i>IMPLEMENTED</i>	<i>15</i>	<i>OUTSTANDING</i>	<i>10</i>

Detail summary of decisions taken by the Audit Committee during the 2018/2019 Financial Year

Date of Meeting	Resolutions	AC Resolutions Resolved
December 2018 Meeting	<ol style="list-style-type: none"> 1. Management must provide feedback at the next Audit Committee Meeting on the implementation of the Audit Committee recommendations and Internal Audit Recommendations. 2. Management must give an updated report on the Audit recovery plan at the next Audit committee meeting 3. Municipal Manager must provide feedback at the next Audit Committee Meeting on the actions taken against the officials responsible for Fraud Management, Strategic operations and Performance management for not responding on the to the internal Audit Draft reports. 4. Management must conduct an assessment on the internal control environment with regards to the safeguarding of Assets and present an Assessment report to the next Audit Committee meeting. 5. Management must conduct an assessment on the offsite location and present a report at the next audit committee meeting. 6. Management must ensure that an additional official is appointed at the PMS unit to ensure that the transfer of skills takes place and present the report on the progress made at the next Audit Committee meeting. 7. Management must compile a Consequence Management Policy, workshop it with the staff and recommend to the council for approval. 	0

<p>April 2019 Meeting</p>	<ol style="list-style-type: none"> 1. AC resolutions must form part of the agenda of the management meetings. 2. The WSP must be shared with the Audit Committee for oversight purposes. 3. Give an update at the next meeting on the process flow of the communication between the Financial Department and Human Resources Departments (Human Resources Mandates). 4. IT must liaise with Treasury and various Financial Systems and choose the best one so that all the requirements can be met and it can go out on Tender and the best person can be chosen. 5. Combined Feedback reports must be given by Fraud Management for quarter 3 and 4. 6. Two Risk Committee meetings must be held before the next Audit Committee meeting. 7. Risk Committee Chairperson must be invited to the next Audit Committee meeting. 8. Duplicate creditors and bank accounts must be check 9. Members of the Audit Committee should be on the disciplinary board. 10. Human Resources Development must liaise with Auditor General on training on the Public Audit Act for all municipal officials. 11. The BCP must be shared with the Audit Committee for oversight purposes. 12. Combined Feedback reports must be given by Risk Management for quarter 3 and 4. 	<p>Nr. 5, 9, 10, 11 not yet attended to</p>
<p>June 2019 Meeting</p>	<ol style="list-style-type: none"> 1. That a strategic workshop is conducted after the appointment of the Municipal Manager. 2. That Departmental and Management meetings be held before Audit committee is conducted 3. That the Risk Management report identifies who is the respective risk champions 4. All units must have system descriptions in place 	<p>Nr 1, 2, 3, 4, 5 and 6 not yet attended to</p>

	<ol style="list-style-type: none">5. Include an Operational Report for the Cash Flow Statement for the next Audit Committee meeting6. The Risk Official have to follow up on the IT Security Official and the IT Security Report	
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Appendix J-
FINANCIAL
DISCLOSURES
(Related Parties)

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 Khethabeke Enterprise
JG Lategan	Municipal Manager	Director at K2019233023
J Lodewyk	Councillor	Director at Khoi-san Agricultural
P Isaacs	Councillor	Director at Vandalux
B Bock	Councillor	Director at BM Bock Construction and community development
J Linden	Middle Manager	Director at Hazfree Waste Management
J Visagie	Middle Manager	Director at Sakiwi5 Trading
JA Kitching	Middel Manager	Director at Ablaze Trading 258
H Mclauli	Middle Manager	Director at Siyanda Theatre Laboratory
FJ Strauss	Middle Manager	Director at W J P Strauss Boerdery
C Mathe	Middle Manager	Director at Our Solid Foundation
		Director at O Mogolo Homes
K Kitching	Manager's Spouse	Director at ANSEC 133
		Director at Hemiprox
A Van Zyl	Manager's Spouse	Director at ANSEC 133
		Director at Hemiprox
L Lankalebalela	Audit Committee	Director at King Golfers

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Name of Related Person	Designation	Description of Related Party Relationship
NE Mclauli	Manager's Spouse	Director at Siyanda Theatre Laboratory
AK Tieties	Middle Manager	Director at A and t Development
J Van Wyk	Middle Manager	Director at JVV Group
JGM Van Wyk	Middle Manager	Director at JVV Group

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 at Minasu Technologies Director at Perspektiv HR Solutions Director at Willoo Development
M Moalosi	Speaker	Director at Moulouis Catering
N Prince	Councillor	Director at Yinhla Training and business Consulting Firm Director at Grand Bridge Trading 95
A Kitching	Middle Manager	Director at Ablaze Trading 258
J Nengome	Middle Manager	Director at Sedzaphanda Building Construction
L Langalebalela	Audit Committee	Director at Fita Consultancy Director at EL Computers Director at Access Information Management Services Director at Halala Driving School Director at Final Score Director at Sekalaxabiso Director at Blue Rose Investments Director at Numbersecure Director at Regucom Director at Xabiso Consulting Director at Zamori 163
P Isaacs	Councillor	Director at City Park Trading Director at Micromatica 563
G Booyesen	SCM Official	Director at GSNF Construction

The following Councillors and/or Management of the Municipality have relationships with businesses in final deregistration:

Name of Related Person	Designation	Description of Related Party Relationship
A Vosloo	Executive Mayor	Director at Ditsa Da Ra Properties
MMG Mnganga	Middle Manager	Director at Mnganga Civil and Property developers Director at Mnganga Civil and Property Developers
G Booyesen	SCM Official	Director at GSNF Construction
G Cloete	Middle Manager	Director at BC2S Construction Consulting and Trading Services

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

Name of Related Person	Designation	Description of Related Party Relationship
JJJ Olyn	Mayor	No relationship with businesses
A De Bruin	Councillor	No relationship with businesses
A Davids	Councillor	No relationship with businesses
B Bosman	Councillor	No relationship with businesses
B Bock	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
H Ross	Councillor	No relationship with businesses
J Assegaa	Councillor	No relationship with businesses
J Mei	Councillor	No relationship with businesses

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Name of Related Person	Designation	Description of Related Party Relationship
M Basson	Councillor	No relationship with businesses
F Witbooi	Councillor	No relationship with businesses
M Bosman	Councillor	No relationship with businesses
M Mashila	Councillor	No relationship with businesses
MHB Van Zyl	Councillor	No relationship with businesses
P Mgcwera	Councillor	No relationship with businesses
DJ Van Zyl	Director	No relationship with businesses
P Beukes	Director	No relationship with businesses
M Venter	Audit Committee	No relationship with businesses
Ogu	Audit Committee	No relationship with businesses
A Phete	Middle Manager	No relationship with businesses
R Snyders	Middle Manager	No relationship with businesses
T Galloway	Middle Manager	No relationship with businesses
B Feris	Middle Manager	No relationship with businesses
B Van Kradenburg	Middle Manager	No relationship with businesses
B Knouws	Middle Manager	No relationship with businesses
E Britz/Isaacs	Middle Manager	No relationship with businesses
F Ruppig	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
H Theron	Middle Manager	No relationship with businesses
J Combrink	Middle Manager	No relationship with businesses
M Manyeh	Middle Manager	No relationship with businesses
D Lekanyane	Middle Manager	No relationship with businesses
G Kuun	Middle Manager	No relationship with businesses
J Willemse	Middle Manager	No relationship with businesses
C Swarts	SCM Official	No relationship with businesses
S Botha	SCM Official	No relationship with businesses
G Femele	SCM Intern	No relationship with businesses
W Zaula	SCM intern	No relationship with businesses
J Beukes	Director's Spouse	No relationship with businesses
A Lategan	Director's Spouse	No relationship with businesses
R Galloway	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
ND Isaacs	Manager's Spouse	No relationship with businesses
T Linden	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 2018/2019:

Annexure A - Annual Performance Report

Annexure B - Audit Committee Report

VOLUME IIA Annual Financial Statements

VOLUME IIB Audit Recovery Plan