



JOE GQABI DISTRICT MUNICIPALITY

Draft Consolidated Annual Report

2022/23 FY
2022/23 FY

January 2024

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CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 Mayor's Foreword

The Council of the Joe Gqabi District municipality in with the Provincial and Growth and Development Strategy (PGDS) and Eastern Cape Rural Development Strategy (ECRDS) has adopted and implemented a socio-economic development trajectory in that:

- The Council including partnership between our development agency and the private sector are implemented a number of interventions on skills development focusing at community level and supporting SMMEs to ensure that we create conditions for innovative and inclusive growing economy.
- In building a resilient and supportive socio-economic development infrastructure, the Council has over the past few years and including the current year under review expended all its allocated Municipal Infrastructure Grant (MIG) of the allocated R180m on upgrading of Water Treatment Works (WTWs), water services bulk lines, Waste Water Treatment Works (WWTWs), as well as the sanitation backlog eradication and upgrade programme.
- On rural development and value-add support in the agricultural sector, the Council has implemented a number of interventions intended to deal with livestock improvement programme through provision of quality rams to our emerging partners to improve their livestock. Through government collaboration, we continue to lobby the relevant sector department and the private sector to focus on ensuring availability of the required Agricultural infrastructure development across the District with a special focus on the emerging agricultural sector.
- To dent the high dependency rate levels within our District, we are working closely with relevant spheres and government and the business to ensure that health services and the standard of education are improved across the District. We are beginning to see the impact of our activities. We have improved greatly on the EPWP implementation performance and our focus going forward is to improve sectoral collaboration and reporting.
- The moral regeneration movement, women empowerment, mainstreaming of special groups in socio-economic development programmes are some of the ways we are dealing with social cohesion and social transformation.
- We continue to ensure that the stability in Council and management that we have observed over a number of years is maintained and sustained as we have been able to keep the light shining through attaining consecutive clean audit reports from the Auditor general (AG) on both our financial information and predetermined objectives in the last two financial years.
- As stated under the Institutional Development and Transformation key performance area in this report, we continue to review and engineer our organogram in order to ensure that our organogram is fit-for-purpose and brings

about efficiencies in service delivery. As a consequence, we are in the final stages of our organogram of the re-engineering project.

In the paragraphs below, I reflect on corrective actions taken to ensure that strategic objectives as stipulated in the IDP were not achieved. In that context this part of the report will only cover performance indicators and targets that were not fully attained during the year under review. Further detailed on the overall performance of the District are contained in the Annual Performance report which is attached in this report.

The quality of water in our District is comparable to bigger municipalities in the country. With our drinking confirmed to be ninety three percent compliant to the national standards, the District is challenged by old and aged infrastructure (water treatment works and pipelines). In responding to this challenge we continue to implement District Wide Reservoir Cleaning and pipe flushing programme. The Council is ceased with to lobbying for funding to replace the old and aging infrastructure and reservoirs. The following programmes have been submitted to the DBSA/COGTA Adopt a District Partnership Programme for funding assistance:

- ◆ **Tlokweng Bulk Services Upgrade** which entails the development of sanitation infrastructure focusing on bulk Sewer lines, sewer network, pump stations and waste water treatment works for Tlokweng (Mt Fletcher) town and surrounding areas at a value of R1 billion;
- ◆ **Maletswai Bulk Services Upgrade** which includes the upgrading the water & sanitation bulk services of the town to unlock economic development such as housing, private hospital, Aliwal Springs, etc at a cost R100 million;
- ◆ **Orange River Macro Scheme** seeks to provide potable water for major irrigation schemes as well as electricity generation benefitting Senqu and Walter Sisulu, including the Free State at a total cost of R1,3 billion;
- ◆ **Lady Grey Dam** which intends to ensure reliable raw water for the town as well as unlock tourism and irrigation for the surrounding farmers at a cost of R260 million; and
- ◆ **Burgersdorp Bulk Water Supply** to ensure provision of a reliable and sustainable raw water supply to the town and unlock economic development and housing provision in the area at a cost of R300 million.

The Elundini Rural Water Programme (ORIO) which is meant for the construction of water supply infrastructure in 109 villages in Maclear including reservoir, pipelines, pressure tanks, standpipes, etc is on design stage wherein the geohydrologist is establishing raw water sources, boreholes and springs. The emerging challenge is that there is no suitable or sustainable water on some villages, and this means alternative sources may have to be explored. An amount of R12.4m has been spent on this programme to date.

With regard to SMME empowerment, the District is training of SMMEs in partnership with the University of Stellenbosch in which a total of 134 SMME have benefitted to date. This programme runs per academic calendar and not per municipal financial year calendar. As a consequences, this target is recorded as non-achieved in this financial year as the

participants will only be graduating in October 2023. The programme is on course and continuing as planned.

The cash at year end were sufficient to cover for 1, 3 month which is an improvement from the previous restated 0, 47. To deal with this poor cash flow situation, the Council is implementing a programme to build reserves over the next three years to ensure sufficient cash to cover at least two (2) months operational cost.

The outstanding service debtors to revenue ratio remained below the target due to the collection rate on current year billing which remains the same as the prior year and this is resulting in arrears growing. The Council is implementing measures to prevent the arrear debt from growing.

The budget actually spent on implementing workplace skills plan remained at significant progress of 95% and the remainder of the funds could not be spent as there was no appointed service provider. To alleviate this shortcoming, a procurement process for appointing a training agent is currently on supply chain system.

The Council collected thirteen percent revenue collection against a target of forty percent. The variance is due to the collection being lower than anticipated due to consumers not willing to pay for services. The municipality has implemented attractive proposals to the community to motivate them to pay. Active engagements through Council with communities on the importance of paying for services were undertaken during the year under review.

On the targets relating to the number of people from employment equity target groups employed in the three highest levels of management in compliance with EEP, the number of vacant positions outweighed the planned vacant positions. This will be addressed in the 2023/2024 Implementation plan.

The target on the number of internships and learnership opportunities created could not be achieved due to declining available funds. This target will be revised taking into account any other initiatives of lobbying for additional funds.

Not all funded vacant posts were filled during the financial year under review. Two hundred and sixty eight (268) positions were not filled due to the outstanding finalization of OD project. All vacant and funded positions on the current organogram are however currently and on an ongoing basis being filled. Council resolved on 30 June 2022 that no positions be filled on the re-engineered Organogram and that such must await the finalization of the OD Project in early 2024.

The last issue on the Institutional Development and Transformation KPA is the target on the Local Labour Forum (LLF) meetings. Out of four (4) planned meeting two (2) managed to convene successfully. The municipality is continuously striving to convene LLF Meetings where such could not be convened due to the unavailability of parties. The

LLF agreed that a subsequent meeting be arranged within seven (7) days of an unsuccessful meeting which is currently being implemented.

This section deals with methods used and implemented to improve public participation and accountability. During the year under review the District continued to undertake public participation with communities and organized formations. Engagements with stakeholders were held through formal structures and mechanisms such as Executive Mayors outreach programme, DIMAFO, IDP and Budget representative forum, and sector specific forum Water Services Forum, Disaster Forum, Traditional leaders Forum, District AIDS Council, local economic development coordinators, District Public Participation forum, etc.

We are working tirelessly to harness our systems and give them timely feedback throughout the service delivery planning cycle, thus bringing to reality the concept of cooperative governance and intergovernmental relations. In November 2022 and in May 2023 the political leadership led by the Executive Mayor implemented a community outreach programme in all three local municipalities in which all wards were represented.

I conclude by sharing my reflections on statement of corrective actions whereby service delivery can be improved. As outlined above, details on these corrective actions are outlined in the Annual Performance Report. These statements emerge from quarterly SDBIP reports that were subjected before various oversight structures such as Internal Audit, Audit Committee, Council and MPAC. We have a clear plan to improve service delivery.

Lastly, the District Development Model (DDM) was approved by Cabinet as an all-of-government and society approach providing a method by which all three spheres of government and state entities, business work in unison in an impact-oriented way. DDM will disentangle the pattern of government operating in silos. DDM will further enhance coherence in planning and implementation impact of government programmes.

We as a District have moved forward in the establishment of District Technical Task Team with the objective of serving as a central coordinating architecture with regard to championing IGR, planning, coordination and a platform to share best practice and technical guidance on the development, implementation and monitoring of DDM within the District.

Cllr NP Mposelwa
Executive Mayor
DC14 Joe Gqabi District Municipality

Date:

1.2 Executive summary

The basic service delivery function of the District include water and sanitation services, disaster and fire fighting services, municipal health services, municipal planning, roads agency function. Shared functions between the District and its local municipalities include fire fighting services and tourism services.

The District established JoGEDA as its economic entity. Joe Gqabi Economic Development Agency (JoGEDA) is 100% owned by the Joe Gqabi District Municipality and as a municipal entity, it is also required to comply with the basic requirements of the Local Government Municipal Systems Act 32 of 2000 read together with the provision of the Local Government Municipal Finance Management Act of 2003. The entity is responsible for driving economic development within the District. Council also appointed JoGEDA as an implementing agent for the implementation of water and sanitation projects.

During the current financial year, the District received a clean audit report from the Auditor General South Africa. This represents the six clean audit report from the 2014/15 financial year. Over the last three financial years, the District has received consecutive clean audit reports from the Auditor general. This represents the commitment of the Political leadership and the Administration of this municipality to sound and good government to ensure that there is proper and adequate accountability for the public funds under our control.

The District municipality continues to be a viable going concern. The Council implemented a new financial system which has sought to integrate all relevant elements in a single system including finance, human resources, supply chain, performance management, etc. The system is further implemented to test other areas of its functionality. The expenditure patterns of the District over the years are commendable with an attainment of 99.9% on MIG during the year under review. Though the District is not under financial strain, cashflow challenges are experienced due to low revenue collection on services.

The revenue collection rate has stood at 13% due to the collection being lower than anticipated due to consumers not willing to pay for services. Council is implementing a number of initiatives to improve this situation which include community campaigns and the debt write off programme. The Council took a loan through the DBSA to fund the Elundini local municipality infrastructure built programme.

During the year under review there were some management changes with regard to senior managers. The Director Corporate Services and Director Financial services positions became vacant. The position of Director Technical Services became vacant and was later filled by the same incumbent. The Council further took a decision to abolish the Institutional Development and Advancement Directorate. Acting appointments were made to ensure continuity.

A number of risks continued from the previous circle with new risks related to load

shedding which affects service delivery in many aspects which include water pumps and filling of reservoirs, disruptions in communications and so forth. Council identified the following top risks for the Institution:

- Insufficient water to meet demand
- Infrastructure failure
- Services instability due to load shedding
- Establishment of new settlements
- Failure to create job opportunities and implement poverty alleviation initiatives.

To ensure that strategic and operational risks are adequately managed, a risk register which is monitored closely by the Risk Management Committee, Audit Committee and Management is in place.

In conclusion, the political and administrative leadership of the Institution working together with all labour unions and our staff continue to dedicate themselves to ensuring that we maintain our track record of good governance towards ensuring improved quality of life for all communities in our District.

MP Nonjola
Municipal Manager
DC14 – Joe Gqabi District Municipality

Date:

1.3 Municipal Overview

1.3.1 Demographics and population

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

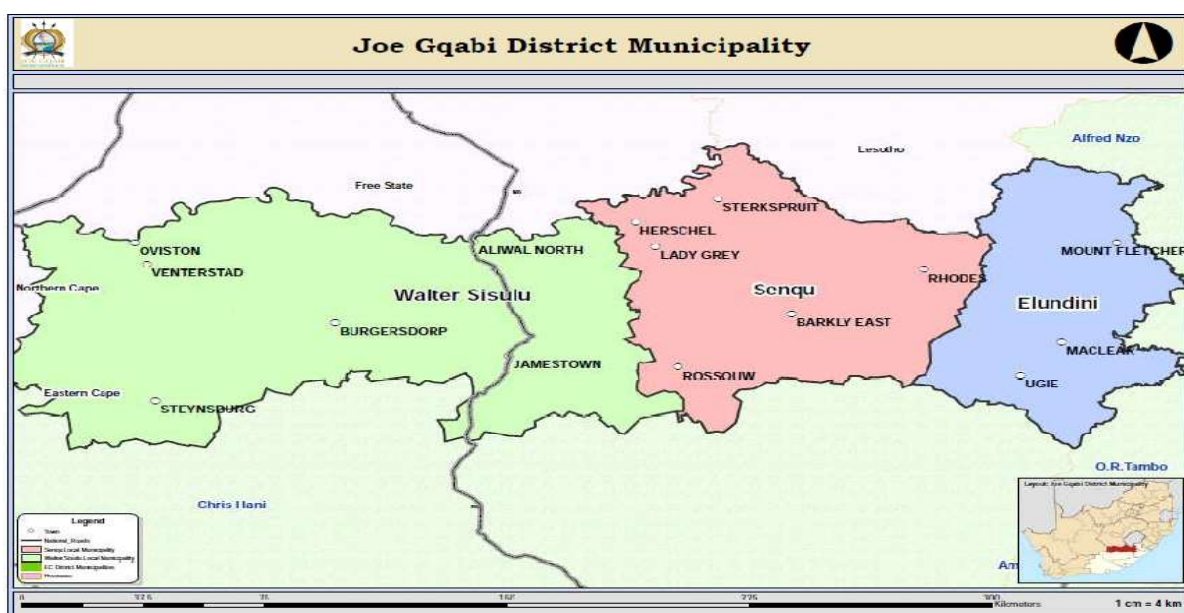


Figure 1: JGDM map

In terms of the JGDM the following population growth trends, the total population in Joe Gqabi is estimated to decrease from 344 967 in 2020 to 335 962 in 2025. The fertility rate in 2025 is estimated to be slightly lower compared to that experienced in 2020 (see table 1 below).

Table 1: Population projections - Joe Gqabi, Eastern Cape and National Total, 2020-2025 [Numbers - percentage]

Year	Joe Gqabi	Elundini	Senqu	Walter Sisulu	Eastern Cape	National Total	Joe Gqabi as % of province
2020	344,976	132,394	129,200	83,373	6,734,001	59,622,350	4.97%
2021	343,093	131,564	128,107	83,421	6,725,654	60,305,416	5.10%
2022	341,722	130,780	127,202	83,739	6,724,405	61,132,711	5.08%
2023	340,067	129,954	126,195	83,919	6,720,147	61,952,870	5.06%
2024	338,151	129,090	125,089	83,972	6,713,199	62,772,848	5.04%
2025	335,962	128,200	123,883	83,878	6,703,285	63,595,453	5.01%

Source: StatsSA MYPE, 2020

The population pyramid for the District reflects a projected change in the structure of the population from 2020 and 2025 based on projections by Statistics South Africa (Mid-Year Population Estimates, 2020). The differences can be explained as follows:

- In 2020, there is a significantly larger share of young working age people between 20 and 34 (22.0%), compared to what is estimated in 2025 (18.5%). This age category of young working age population will decrease overtime.
- The share of children between the ages of 0 to 14 years is projected to be smaller (32.7%) in 2025 when compared to 2020(34.6%).
- In 2020, female population for the 15 to 34 years age group amounts to 29.1% of the total female population while the male population group for the same age amounts to 33.8% of the total male population. In 2025, the male working age population (15 –64 years) at 58.2% still exceeds that of the female population
- Working age population at 56.2%, although both are at a lower level compared to 2020.

Whilst the cohort classified as Youth (15-35) is around 50% of the overall population, it is projected that this will decline by 2025. This will also see a decline in the share of the younger working adult (20 and 34) population in the DM by 2025.

In 2020, the District Municipality comprised of 110 000 households. This equates to an average annual growth rate of 1.11% in the number of households from 2010 to 2020. Percentage of people living in poverty in the district has not changed significantly and shows a marginal increase from 72.73% in 2010 to 73.06% in 2020.

1.3.2 Economic growth

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

The economic sector that recorded the largest number of employments in 2020 was the community services sector accounting for 29.2% of total employment in the district municipality. The sector includes predominantly government and administrative services and remains significant both in terms of economic contribution and employment to districts such as the JGDM.

In 2020 the trade sector recorded the highest number of informally employed, with a total of 8 300 employees or 37.91% of the total informal employment. This can be expected as

the barriers to enter the trade sector in terms of capital and skills required is less than with most of the other sectors. The manufacturing sector has the lowest informal employment with 1 150 and only contributes 5.25% to total informal employment.

JGDM has high levels of Unemployment, with all indications showing an increase in unemployment over time. In 2010, the unemployment rate for Joe Gqabi was 24.9% and increased to 39.2% in 2020. For local municipalities:

- Elundini Local Municipality shows the highest unemployment rate of 48.0%, which has increased from 31.2% in 2010.
- The unemployment rate in Senqu LM increased from 25.5% in 2010 to 35.8% in 2020.
- The Walter Sisulu Local Municipality had the lowest unemployment rate of 33.8% in 2020, increasing by 15.7% points from the 18.1% unemployment recorded in 2010.

In 2020 the labour force participation rate for Joe Gqabi was at 48.7% which is significantly higher when compared to the 38.4% in 2010. However, the gap between the labour force participation rate and the unemployment rate decreased which indicates a negative outlook for employment creation within Joe Gqabi DM.

CHAPTER 2: GOVERNANCE

2.1 Component A: Governance Structures

2.1.1 Political Governance Structure

The District is a category C municipality with a mayoral executive system. The Executive Mayor of the District municipality is Cllr. N.P. Mposelwa. The Council appointed five standing committees to assist the Executive Mayor with effective and efficient performance of any of the Executive Functions. The Strategic and Governance Standing Committee was led by Cllr. S. Mei. The Finance Standing Committee was led by Cllr. U. Hlathuka. Technical Standing Committee was led by Cllr. S.E. Ntsoelinyane. Community Services Standing Committee was led by Cllr. A. Skoti and the Corporate Services Standing Committee was led by Cllr. N. Mabunu. Cllr. M. Bomela served as the Speaker of Council.

2.1.2 Administrative Governance Structure

The Municipal Manager and his team of senior managers directly accountable to him lead the administrative arm of the institution. Over the period under review, the Institution had four Directors: viz; Technical Services, Community Services, Corporate Services and Finance. The Institutional Development and Advancement directorate was abolished by Council in January 2023. The Chief Operations Officer and the WSP Manager also report directly to the Municipal Manager. The post of Director Corporate and Community services were respectively filled by Council towards the end of the financial year. The CFO post is in the process of getting filled.

2.2 Component B: Intergovernmental Relation

2.2.1 Intergovernmental Relations

The Joe Gqabi District Development Model One Plan, per district development model (DDM), is based on six transformative areas to move from the current situation to a desired better future. Summary of actions undertaken by the District to bring about the current Joe Gqabi DDM One Plan review as endorsed by the Council include:

- Political Session in August 2022 attended by the DDM National Champion, Minister of Finance, Mr. E. Godongwana, MP as well as the political and administrative leadership of the District and sector departments
- Political session convened in November 2022, including the participation of Executive Mayor, Mayors, MMs of District and LMs, as well sectors departments.
- Physical (face-to-face) technical session was convened of all relevant departments, municipalities and stakeholders in mid-December 2022, after the political session hosted in November 2022.

- Technical session convened virtually in February 2023, which sought to conclude on the final submissions and review the revisions compiled prior to the submission of this document to Council.
- Council endorsement of the Joe Gqabi DDM One Plan document in March 2022

The District Mayors Forum (DIMAFO) was endorsed as an intergovernmental political mechanism to institutionalize and drive DDM within the District area. The DIMAFO managed to hold all two planned meetings during the year under review. With regard to IDP and Budget representative forum all four planned meetings which are attended by regional sector department Directors, local municipalities and stakeholders were successfully held. Through these structures the Council managed to coalesce wide ranging and diverse views and inputs into the municipal planning, budgeting and reporting system within the District space.

2.3 Component C: Public Accountability and Participation

2.3.1 Public Meetings

In terms of Section 16 (1) of the Municipal Systems Act of 2000, a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, a municipality must - (a) encourage, and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan (IDP).

As part of the public participation programme, in October 2022 the Office of the Executive Mayor undertook an exercise which was referred to as environmental scanning. The programme implementation saw District municipality officials spread across the length and breadth of the District to engage with communities. The purpose of environmental scanning was to publicize the Executive Mayors Outreach programme as well as have a record of community development aspirations and service delivery concerns. From the 07th November to 09th December 2022, the Executive mayor undertook community outreach per table below:

Table 2: November –December 2022 community outreach meetings held

Date	Time	Areas	Venue	No. of issues
07 Nov 2022	10h00	Barkly East, Rhodes	Barkly East Hall	13
	14h00	Herschel	Herschel School	13
08 Nov 2022	10h00	Polmiet	Polmiet Hall	25
	14h00	Sterkspruit	Bhunga Hall	22
09 Nov 2022	10h00	Hillside	Hillside Community Hall	10
10 Nov 2022	10h00	James Calata	Community Hall	17
	16h00	Steynsburg	Community Hall	6
	18h00	Joe Slovo	Community Hall	7

Date	Time	Areas	Venue	No. of issues
11 Nov 2022	10h00	Venterstad	Community Hall	16
14 Nov 2022	10h00	Mongoloaneng	Community Hall	11
	15h00	Tlokweng	Traditional Council hall	18
15 Nov 2022	10h00	Katkop	Methodist Church	8
	14h00	Hopedale	KwaScreemer	10
16 Nov 2022	10h00	Gqaqhala	Church Hall	14
09 Dec 2022	14h00	Burgersburg	Ethembeni School	14

Commencing from 09 - 18 May 2023, the Executive Mayor undertook a community engagement drive with a view of sharing draft IDP and draft budget with communities as follows:

Table 3: May 2023 community outreach meetings held

Local Municipality	Area	Venue	Time	Date
Elundini	Ward 11,12 and 13	Elubisini Community Hall	10h00	09 May 2023
	Ward 8, 9, 10, 11, 14 and 15	Ezingonyameni Tribal Authority	13h00	09 May 2023
	Ward 4, 7 and 16	Ramatea Community Hall	10h00	10 May 2023
	Ward 5, 6 and 3	Sonwabile Community Hall	14h00	10 May 2023
	Ward 17, 01, and 2	Enkalweni Community Hall	10h00	11 May 2023
Walter Sisulu	James Calata and Maletswai	Joe Gqabi Community Hall	15h00	15 May 2023
	Steynsburg & Venterstad Oviston	Burgersdorp Town hall	10h00	12 May 202
Senqu	Ward 15 and 16)	Nkululeko Community Hall	10h00	16 May 2023
	Ward 11,13 and 14)	Blue Gums Community Hall	16h00	16 May 2023
	Ward 7, 8, 9, 10, 12 and 17	Thabalesuba Community Hall	15h00	17 May 2023
	Ward 1, 2, and 3	Ndofela Community hall	10h00	17 May 2023
	Ward 4, 5 and 6	Phelandaba Community Hall	11h00	18 May 2023

The Executive Mayor working in partnership with the Speaker, and the office of the Municipal Manager conducted successful public participation sessions in all three local municipalities during the year under review in both rounds. A high level summary also showing repetitive issues is highlighted below:

Table 4: Overview of community issues

Community issues raised	Plan to resolve issues	Repetitive issues	
Inadequate water and sanitation infrastructure and inadequate or frequently interrupted water supply for long periods	<ul style="list-style-type: none"> ▪ Elevated to Sector Departmental attention ▪ JGDM has considered relevant issues in the budget in context financial shortfalls 	<ul style="list-style-type: none"> ▪ Water availability interruption or longer periods ▪ Emptying of VIP toilets sludge ▪ Incomplete or faulty VIP toilets ▪ Unavailability of water service ▪ Social housing backlogs ▪ Poor state of access and link roads ▪ Economic challenges, high poverty levels and unemployment ▪ Poor network and connectivity through the District, especially in ELM ▪ Electricity backlogs 	
Slow pace of resolution of issues Disaster relief (housing)			
Inadequate land for Human Settlements			
High rate of unemployment and inadequate LED support			
Title deeds not issued for social housing			
Support required for community agriculture			
Disrupted water availability and irregular water carting			
Fencing of cemeteries			
Poor network connectivity			
Inadequate medicines in clinics and shortage of nurses			
Poor state of access roads and link roads			
Areas without electricity and load-shedding affects water supply			
Frequent incidents of pipe bursts			Operational projects to replace pipe bursts and installation of bulk valves are underway. War on leaks programme is getting implemented
Vandalism, illegal connections and theft			Various security measures are being implemented. Success will depend on active community support

To address some of the urgent issues highlighted in the outreaches, the Council is implementing these interventions:

- Database establishment for all communities affected by the recent floods and assess the demand with a view of facilitation resolution of issues by Provincial Government Disaster Centre
- Fast tracking the water services backlogs and upgrading of WWTWs and WTWs and pipes
- Fast tracking the implementation of the rural sanitation programme

- Implementation of sanitation upgrading programme to a water borne level
- Implementation of a telemetry system to monitor water supply and early detection of leakages and blockages
- Submission of funding applications to deal with project in our approved water master plan, including maintenance and development of new water sources
- Load-shedding affects water supply esp. to high lying areas & filling up of reservoirs
- Servicing of informal settlements with the sanitation service, linked to the informal settlements upgrading programme
- Submitted proposal to Melinda Gates Foundation for faecal sludge disposal facility
- Submitted proposals for funding assistance to the DBSA/COGTA adopt a District funding partnership programme
- Implement water rationing to ensure sustainability and equitable distribution of the service

2.3.2 IDP Participation and Alignment

The Integrated Development Plan (IDP) of the District was subject to a full credibility and alignment assessment by COGTA and other national and provincial departments. The JGDM IDP attained high level rating, which has always happened over the past number of years as shown in table below:

Table 5: IDP credibility and alignment ratings over the last three financial years

KPA	2020/21 FY IDP ratings	2021/22 FY IDP ratings	2022/23 FY IDP ratings
KPA 1 Service Delivery and Infrastructure provision	High	High	High
KPA 2 Local Economic Development	High	High	High
KPA 3 Financial Viability and Management	High	High	High
KPA 4: Institutional Development and Transformation	High	High	High
KPA 5 Good Governance and Public Participation	High	High	High
Overall ratings	High	High	High

The IDP strategic performance objectives and programmes are aligned with plans of national and provincial government such as National Development Plan, Provincial Development Plan, Provincial Growth and Development Strategy, including the Sustainable development goals. The DDM process will further enhance government alignment and coherence in planning, budgeting, reporting and monitoring.

2.4 Component D: Corporate Governance

2.4.1 Risk Management

The annual risk assessment was conducted. A number of risks continued from the previous circle with new risks related to load shedding which affects service delivery in many aspects which include water pumps and filling of reservoirs, disruptions in communications and so forth. A strategic and operation risk register was developed and monitored quarterly. Such monitoring reports were submitted to Council and other oversight structure such as the Audit Committee and MPAC. The top five risks and the manner in which Council deal with them is depicted in the table below:

Table 6: Top five risks and treatment

Risk name	Root causes	Impact	Current controls	management improvement actions
Insufficient water to meet demand	Drought, Siltling of dams, Water losses	Critical	Water restrictions Rain water harvesting Drilling of boreholes, Implementation of water bylaws Water Services Development Plan Maintenance plan in place	Community education & awareness campaigns, Integrated planning with LMs, Smart metering Install washers, Monitoring illegal connections, Monitoring maintenance plan, Develop illegal connections policy
Infrastructure failure	Old infrastructure Theft and vandalism Water leaks Failure to provide water Delays in power supply by Eskom	Critical	Infrastructure plan in place Infrastructure grant in place	Solicit funding for capital and maintenance, Review infrastructure Maintenance plan,
Instability in power supply	Eskom load shedding Theft and vandalism Imbalance in powers	Major	Backup generator	Explore uses of alternative sources of energy
Establishment of new settlements	Lack of planning by LMs Informal settlements, Inadequate working relations with LMs	Major	IGR forums	Integrated planning with LMs
Failure to create job opportunities and poverty alleviation initiatives.	Lack of funding for job creation. Lack of skills. Migration back from larger urban areas to the district. Lack of employment opportunities. Poor communities unable to take financial risk to establish businesses. Job creation programmes are not always sustainable.	Critical	HRM recruitment policies in place Recruitment standard operating procedures in place Staff retention policy in place Career management policy in place Succession policy in	Inclusion of career pathing in departmental score cards review of the retention strategy Conversion of fixed term middle management contract to permanent

Risk name	Root causes	Impact	Current controls	management improvement actions
	Poor integration in planning with other stakeholders.		place	
	Poor understanding by SMMES of the procurement processes, policies and non compliance		Quarterly circulars in place	

The effective institutional risk management approach of the District has resulted in positive service delivery and audit Outcomes. The planned annual risk assessment that sought to interrogate towards establishing coherence with institutional risk tolerance at strategic level was held. A risk register which is monitored closely by the Risk Management Committee, Audit Committee and Management is in place.

2.4.2 Anti-corruption and fraud

The Council adopted an Anti-corruption and Anti-fraud policy and strategy in May 2023, which is being reviewed annually. The aim of the policy is to ensure that the Council concentrates its efforts in preventing fraud and corruption, rather than only responding to it which emphasise the zero tolerance stance of the JGDM towards fraud and corruption. The policy requires all role-players within the municipality and dealing with the municipality to refrain from committing fraud and other acts of dishonesty against the institution assist in the nurturing of a fraud free environment at the work place, maintain absolute integrity in all dealings with the institution, comply with all internal controls, adhere to the principles and directives of the Code of Conduct and the Code of Ethics and the law. The plan is effective as evidenced by the fact that all the reported cases in the past financial years were dealt with and concluded. During the year under review, the Institution identified a possible fraud where the medical aid was paying a portion of membership contributions made by the municipality to the employees. This was reported to the South African Police Service for investigation. The matter was in progress at the time of compilation of this report.

2.4.3 Supply Chain Management

A Supply Chain Management Unit is in place and is responsible for the centralised SCM processes. As per the SCM standards and norms, three SCM (bid) committees are in place and functional. The organisational structure has made provisions for separation of duties. Contracts Management is located within the SCM unit. A Contracts Coordinator post within the SCM unit has been filled. Legal services also provide support in monitoring and enforcement of contracts. On average, procurement processes take about 49 days turnover. This includes advertising, bid committee processes and appointment.

Emergency procurement measures are stipulated in the SCM policy to enable the Council to deal with all unplanned procurement requirements including disasters and other urgent situations, which are not only limited to disaster situations.

2.4.4 By-laws

The District Council adopted community fire safety by-laws in 2009 and they have been promulgated. A process to review the bylaw is underway and is scheduled to be completed in the 2023/24 financial year. These bylaws include fire related incidents, including tariffs, events management, occupancy certificates and community safety. The adopted policies and by-laws are applied to deal with mitigation, prevention and post disaster situations. Processes are in place to strengthen implementation and monitoring. Bylaws that have been developed published and adopted include Water and Sanitation bylaw, Fire Services bylaw, Municipal Health Services bylaw, District Waste Management By-law and Generic Liquor trading bylaws.

2.4.5 Websites

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

2.4.6 Public Satisfaction on Municipal Services

During the year under review the District implemented a number a number of initiatives to enhance public participation across the District. The programme commenced with a community environmental scanning process in which officials traversed the entire District administering questionnaires. The report of the subsequent Executive mayor's community outreach programme was consistent with the report of the environmental scanning exercise. A process to conduct follow-up public satisfaction survey is underway and it will be executed in the 2023/34 financial year

2.4.7 Municipal oversight committees

The Joe Gqabi District municipality is governed by 105 Councillors with the majority from the African National Congress. Governance and oversight structures are functioning effectively in the District (Council, Standing committees, MPAC, Audit Committee and the internal audit function. All oversight meetings that were planned during the year under review were successfully held. Moreover, Disciplinary Board, Audit Committee and Internal Audit functioned effectively throughout the review period.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 Component A: Basic Services

3.1.1 Water and Sanitation

With regard to water services, the level of access to the basic level stood at 74,1%. Major backlogs remained in the rural parts of the District, with the Elundini local municipality topping the backlog figures. A number of work packages for the Elundini and Senqu local municipalities were devised to confront this challenge. The Orio programme will further alleviate the backlog through provision of the basic level of water to 107 villages of the Elundini local municipality.

The quality of our water is amongst the best in the Province. Water quality is measured in terms of SANS241 standards and our Institution managed to achieve a 93% compliance level against the set target of 95%. The minor variance is as a result of old and aged infrastructure (water treatment works and pipelines). To deal with this variance a District Wide Reservoir Cleaning and Pipe Flushing programme is underway. We also continue to lobby for funding to replace the old and aging infrastructure above and under the ground.

On the sanitation front, the District has sustained its performance over the years. Access to the basic level of service is standing at 99.6%. This is due to the construction of an additional 998 VIP toilets over the period under review. The reported percentage achievement is based on the 2016 Community Survey baselines. This means that with the release of the 2022 Census data baselines may change.

3.1.2 Capital projects performance

The District capital projects programme which is managed by the District Project Management Unit (PMU) is funded by the following grants: The main grants that the Unit manages for this financial year are as follow:

- Municipal Infrastructure Grant (MIG)
- Regional Bulk Infrastructure Grant (RBIG)
- Expanded Public Works Programme Incentive Grant (EPWPIG)

The summary of expenditure on these grants is depicted in the table below:

Table 7: Summary of grant expenditure

2022/23 GRANTS	Allocations	Expenditure	Exp (%)	Balance
MIG	R 180 246 000	R180 223 818,79	99.99%	R22 181,21
RBIG	R 2 000 000	R 1 944 787,59	97,24%	R55 212,41
EPWPIG	R 1 314 000	R 1 314 000.00	100%	R 0
Totals	R 183 560 000	183 482 606.30	99.96	R 77 393.62

Under the MIG, the allocation for JGDM for 2022/23 financial year is **R 180 246 000**. The expenditure to date is **R180 223 818 representing 99.99%**. **Under this grant, the District**

municipality is implementing Seventeen (18) projects across the district; distributed as follows:

- Elundini LM - 5 Projects
- Senqu LM - 11 Projects
- Walter Sisulu LM - 2 Projects

Under the Regional Bulk Infrastructure Grant (RBIG), the initial allocation gazetted for JGDM for 2022/23 financial years was R 15 000 000 for the development of Sterkspruit Wastewater Treatment, however due to delays by the Department of Water and Sanitation (DWS) to approve the Implementation Ready Study (IRS), the allocation was adjusted down to R 2 000 000. However, the IRS has since been approved and the municipality has green light to proceed with the project. No expenditure incurred to-date. The PSP has been instructed to proceed with designs and documentation for procurement processes.

The JGDM further submitted two (2) projects to the Department of Water and Sanitation (DWS) for funding by submitting IRS for the two projects. Both projects have received approval from the Provincial Department and a second approval is required from the DWS. According to the Division of Revenue Act (DoRA) 2023, the Sterkspruit WWTW and Associated Bulk Infrastructure. The Lady Grey Bulk Water (Zachtevlei Dam) project is still with the National DWS for consideration at ECSA stage three.

The District service delivery in this aspect is funded by grants from the National Treasury. We have submitted the following strategic projects to DBSA and COGTA adopt a District programme for assistance with securing funding. We have submitted the following programmes:

- Tlokweg Bulk Services Upgrade which entails the development of sanitation infrastructure focusing on bulk Sewer lines, sewer network, pump stations and waste water treatment works for Tlokweg (Mt Fletcher) town and surrounding areas at a value of R1 billion
- Maletswai Bulk Services Upgrade which includes the upgrading the water & sanitation bulk services of the town to unlock economic development such as housing, private hospital, Aliwal Springs, etc at a cost R100 million
- Orange River Macro Scheme seeks to provide potable water for major irrigation schemes as well as electricity generation benefitting Senqu and Walter Sisulu, including the Free State at a total cost of R1,3 billion
- Lady Grey Dam which intends to ensure reliable raw water for the town as well as unlock tourism and irrigation for the surrounding farmers at a cost of R260 million, and
- Burgersdorp Bulk Water Supply to ensure provision of a reliable and sustainable raw water supply to the town and unlock economic development and housing provision in the area at a cost of R300 million

3.1.3 Access to Water

The JGDM is characterized by water scarcity underpinned by low rainfall patterns, and this challenge is aggravated by the fact that over 50% of our district population depends on ground water source. The influx of people into towns and the growing patterns of our communities over the years have weakened our reticulation network, resulting in compromised capacity of the bulk infrastructure, particular in towns such as Maletswai and Burgersdorp. The Council continues to experience challenges such as ageing infrastructure, water scarcity, vandalism and theft, especially in the area of Walter Sisulu municipality.

A number of strides reached fruition during the year under review which include:

- Completion of the nine kilometer water pipeline project to communities of Herschel and Blue gums, in which more than seven (7) villages are direct benefits to the project
- Procurement and supply of water tanks to the community of Lusizini, Upper Bebeza, Hohobeng and Bensonvale villages.
- Eighty-six households have also been upgraded to yard connections
- Implementation of an extensive community engagement and social facilitation throughout the Elundini local municipality on the Orio project and grouping of villages for implementation. Drilling in a number of villages occurred during the year under review. The Orio project is now at approval stage of final project design and initiation of procurement processes. The Orio programme is structured such that:
 - Approximately seventy four (74) of one hundred and seven (107) villages will be provided with water from boreholes
 - Over thirty three (33) of one hundred and seven (107) villages will be provided with water from harvesting water system and other backup supplies from springs water
 - The project will create more than two hundred and twenty two (222) jobs during construction phase and finalisation
- In the Senqu municipal area, Council implemented initiatives that include:
 - Construction of borehole pump stations and storage reservoirs, and groundwater supplies in Lady Grey,
 - Extension of Senqu rural water supply network which included the upscaling of the Barkly East bulk water infrastructure

3.1.4 Sanitation

As part of the water services acceleration programme, the Council to appoint JoGEDA as an implementation agent for the water and sanitation programme. During the year under review the following can be reported:

- The number of new households provided with sanitation service (VIP toilets) in Senqu rural area increase by six hundred and sixteen (616). This represents 62% achievement against the set target of one thousand (1000).
- The following priority villages benefitted under the Senqu VIP sanitation programme: KwaGcina, Ndingishe, Nguthu, Makhumhsa, Makheteng Jordan Dibinkonzo; Ntsimekweni; Ezintatyaneni, Bluegums and Bambospruit.
- The number of new households provided with sanitation service (VIP toilets) in Elundini rural area increase by three hundred and eighty two (382), which represents 38% achievement against the set target of one thousand (1000).
- The following priority villages benefitted under the Elundini VIP sanitation programme: Nkalweni, Trastini, Upper Sinxako, Mokgalong Moabatshang, Seqhobong and Sethabathaba.
- The nonattainment of the planned targets for both Elundini and Senqu programme was due to delays in supply chain management which led to contractors getting appointed in the fourth quarter of the financial year. Council is expediting implementation to increase the number of top structures.

3.1.5 Free Basic Services

To meet the Councils strategic objective of expanding and fast-tracking the provision of universal access to basic services, there are specific targets that are set for ensuring that the indigent communities have access to basic services. Indigent households are those that are unable to make monetary contributions towards basic services. Status as an indigent household is granted by municipalities, who on an annual basis, receive and review applications sent by households within their boundaries. We have during the year under review ensured that all households earning less than two times government pension (currently R3 200 per month) based on national indigent declaration per month are provided with access to free basic services (water and sanitation in the case of the District). We managed to meet this target albeit ensuring credible and up-to-date indigent registers is getting attention.

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

A summary of the free basic services package is set out below:

- All registered indigents, including consumers in the rural areas, will receive 6 kl of water per month fully subsidised.
- All registered indigents, including consumers in the rural areas, will only be charged a flat rate for Water and Sanitation consumption and not a step tariff.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

3.2 Component B: Basic Service

3.2.1 Roads

In terms of the Integrated Transport Plan (ITP), the road network in the District can be divided into National, Trunk, Main Roads, and Access Roads. The N6 national road links with District with the N1 toward Johannesburg and Cape Town through Maletswai, James Calata, Komani and East London. Together with other local key road links such as R58 (Norvalspont – Venterstad – Burgersdorp – Maletswai - Lady Grey – Barkly); R56 (Ugie – Nqanqarhu – Mount Fletcher); R393 (Lady Grey – Sterkspruit) and R391 and R390 (Orange River – Venterstad – Steynsburg). These roads have recently received upgrades and their conditions are relatively good, but require on-going maintenance with a focus on patching potholes.

With regard to the roads function, the District is an implementing agent on behalf of the Department of Roads and Transport. About one hundred and fourteen (114) employees are working in this section, which is situated in Maletswai. Under the programme of providing support on maintenance of road networks in the District, a target of grading two thousand (2000km) of gravel roads per signed SLA, a total of (two thousand four hundred and ninety one (2 491) kilometers. The target was exceeded due to sufficient rain which resulted in more roads surfaces being conducive for grading.

The District is lobbying for the Provincial government to transfer this function over to the District. This will also deal with providing a resolution to capacity building at local municipal level. Below is a high level overview of challenges:

- Road classification restricts the various role-players in the maintenance of roads and is therefore not responsive to community needs.
- Municipalities do not have the financial resources in the short to medium term to build up the required fleet to maintain roads, especially as roads are not an income generating service.
- Surfaced roads are deteriorating and insufficient funding is being allocated to ensure their constant and effective maintenance.
- Insufficient capacity to execute the District transport planning function
- Deteriorating quality of roads gravel roads, particularly those not covered by the DRPW SLA
- The poor quality of rural link roads in our municipalities (Sterkspruit, Nqanqarhu and Tlokwen)
- Potholes on tarred roads which have been created by the recent heavy rains
- Accessing farms managed by communities and transportation of produce due to poor roads

The recent closure of the Elangeni road (Ugie – Mthatha) due to engineering issues that

have rendered the bridge unusable and consequently road closure requires urgent attention. PG Bison has calculated that transportation costs have risen by about R26m annually due to the need to utilise alternative transportation routes. This is a critical challenge as PG Bison is a primary economic driver and creator of a high number of employment opportunities in the Elundini local municipality.

3.3 Component C: Planning & Development

3.3.1 Planning

The JGDM implements a town planning and land development function as support to local municipalities. As a result, the District establish a functional planning tribunal following resolution by local municipal Councils to establish a District Tribunal as guided by Spatial Planning and Land Use Management Act of 2013 (SPLUMA). SPLUMA involves the consideration and determination of all land use and land development applications to be categorized with certain identified categories of applications being decided upon by a Municipal Planning Tribunal and other categories of applications being decided upon by an Authorised Official (AO). Thus, progress towards establishment and functionality of the District Tribunal can be summed up as follows:

Table 8: SPLUMA implementation progress

Tribunal establishment	Council Approval of Tribunal	Tribunal type	Functionality	By-law preparation	By-law adoption by Council	Qualified town planner	Authorised Official	Impediments
JGDM	Yes	District	Fully functional	N/A	N/A	Yes	N/A	Provision of training Appeal Authority members after election of new Council
Walter Sisulu	Yes	District	N/A	Yes	Yes	Yes	Yes	
Senqu	Yes	District	N/A	Yes	Yes	Yes	Yes	
Elundini	Yes	District	N/A	Yes	Yes	Yes	Yes	

3.3.2 Local Economic Development

JoGEDA has been appointed a Special Purpose Economic Development vehicle and is driving implementation of economic development projects. The District is committed to job creation, and therefore participate in Expanded Public Works Programme (EPWP). Municipalities are receiving incentives in this programme by just making sure that jobs that are created in municipal projects are reported on the EPWP reporting system. The municipality has received an incentive allocation of R 1 314 000 for 2022/23 financial year.

The expenditure at year end was R 1 314 000 (100%) on the grant. The project on fixing/reinstating roads where the WSP section has worked while fixing water or wastewater lines has started in Maclear and Aliwal North. There are 25 local labourers on each town of implementation.

The following table shows the projects that are earmarked to created job opportunities this financial year.

Table 9: EPWP reporting projects 2022/23 Financial Year

Project Name	Local Municipality	Budget	Source of Funding	Project Status	Number of jobs Opportunities
Senqu Rural Sanitation Programme: Phase 6	Senqu LM, Herschel	6 000 000.00	MIG	Construction, Reporting on EPWP MIS	40
Elundini Rural Sanitation Programme: Phase 6	Senqu LM, Sterkspruit	6 000 000.00	MIG	Construction, Reporting on EPWP MIS	40
Elundini Rural Water Programme (ORIO)	Elundini LM, Mt Fletcher	7 500 000.00	MIG	Project is on design stage	15
Maclear Water Treatment & Distribution Upgrade (AC Pipe Replacement)	Elundini LM,	R 10 000 000	MIG	Construction, Reporting on EPWP MIS	45
Provision of Sanitation Infrastructure for Ugie: Phase 1	Elundini LM, Ugie	R 10 000 000	MIG	Project is still on Procurement stage	15
Bulk Sanitation Infrastructure Upgrade for Maclear Phase 3B	Elundini LM, Maclear	R 60 331 059	MIG	Construction, Reporting on EPWP MIS	34
Aliwal North Water Treatment Works Holding Dams	WSLM, Aliwal North	R 7 000 000	MIG	Project is on Design Stage	25
Jamestown Sanitation Phase 2 (Pipelines)	Senqu LM	R 22 402 641	MIG	Construction, Reporting on EPWP MIS	70
Senqu Rural Water: Work Package 1	Senqu LM	R 7 000 000	MIG	Project is on hold	15
Senqu Rural Water: Work Package 2	Senqu LM	R 7 000 000	MIG	Project is on hold	15
Senqu Rural Water: Work Package 3	Senqu LM	R 7 000 000	MIG	Project is on hold	20
Senqu Rural Water: Work Package 5	Senqu LM	R 7 000 000	MIG	Project is on hold	20
Senqu Rural Water: Work Package 6	Senqu LM	R 7 000 000	MIG	Construction stage, and reporting in EPWPRS	30
Senqu Rural Water: Work Package 7	Senqu LM	R 7 000 000	MIG	Construction stage, and reporting in EPWPRS	25
				Total Planned Job Opportunities	409

3.4 Component D: Environmental Protection

3.4.1 Pollution Control

The District has been classified as a less polluting District. Consequently, air quality monitoring stations have not been prioritized across the District. The greatest concern of atmospheric emissions and pollution within the District is processing factories and automobile emissions, including pollution of the environment from sewer spillages and burning of waste at landfill sites which contribute to air pollution. The EMP of the District is in a process to be reviewed to improve on reduction, preventative and adaptation strategies.

3.4.2 Biodiversity

The Joe Gqabi District Municipality is characterized by a diversity of vegetation types and land features. As far as climate change matters are concerned, the Districts Environmental Management Plan deals with identification and proposed action plans to mitigate climate change impacts at a local level. The District has established a climate change function within the Natural Resource Management Section and designated the Manager as an Environmental Management Officer.

3.4.3 Landscape

The altitude of the District lies between 1000m and 1500m above sea level. Certain areas of Senqu and Elundini form part of the southern Drakensberg range. This area, due to its high altitude, is less suitable for farming. From Lady Grey the landscape flattens out towards the west. The mountainous terrain also limits accessibility and therefore hampers service and infrastructure delivery in the region. The southern Drakensberg creates a scenic environment conducive to adventure and nature tourism activities such as mountain biking, hiking, skiing etc.

The eastern and northern areas (Senqu and Elundini) are featured by high lying mountainous terrain associated with high species diversity and unique wetlands.

The Grasslands National Park provides the opportunity for the landowners, communal land rights holders, SANParks and other stakeholders to identify the desired future state of the protected area that is to be created.

3.5 Component E: Heath

3.5.1 Municipal Heath Services

The JGDM Environmental Health has a responsibility of ensuring proper refuse storage, collection, transportation, transfer and processing, materials recovery and final disposal, monthly monitoring takes place. Below is a summary of the landfill sites and illegal

dumping monitored:

Area	Waste sites	Comply	Licensed / not licensed	Not comply	Illegal dumping	Comply	Not comply
ELUNDINI	3	0		3	47	11	36
Nqanqarhu	1	0	Licensed	1	22	2	20
Tlokweng	1	0	Licensed	1	10	7	3
Ugie	1	0	Licensed	1	15	2	13
WSLM (WEST)	5	0	5	5	63	7	56
Burgersdorp	1	0	Unlicensed	1	38	0	38
Steynsburg	1	0	Licensed	1	16	2	14
Venterstad	1	0	Unlicensed	1	9	5	4
Maletswai	1	0	Licensed for closure	1	72	31	41
James Calata	1	0	Licensed	1	18	6	12
SENQU 1	1	0		1	69	18	51
Sterkspruit	1	0	Licensed for closure	1	13	5	8
Lady Grey	1	0	Licensed	1	36	04	32
Barkly East	1	0	Licensed	1	20	09	11
Rhodes	1	0	Unlicensed	1	0	0	0
Roussouw	1	0	Unlicensed	1	0	0	0
TOTAL	13	0		13	269	73	196

The MHS function of the District further undertook a number of initiatives including inspections of food premises, health establishments, mortuaries, etc. Out of the 60 Health establishments that were planned to be monitored twice during the financial year an additional ten (10) were inspected in the second quarter due to a request from the Department of Health.

3.6 Component F: Safety and Security

3.6.1 Fire fighting services

Fire fighting is a shared service between the District and the local municipalities but currently only the District is budgeting for this service. The District is operating a full-time fire services. The acting Disaster, Fire and Rescue Services Manager and a Chief Fire Office have been appointed. Filling of posts in this area of operations has been prioritized in the current IDP process. Efforts are underway to install alternative energy in satellite offices to run the financial system and fire services. Focusing on buying purpose-made disaster and fire vehicles to ensure efficiency of the services provided.

In order to deal with veldt and forest fires, the District has entered into agreements with local farmers and local municipalities. The District further started a process of cooperative agreement with the neighbouring municipalities in relation to fire services. Alfred Nzo and Xhariep DM cooperation agreements have been signed. Future plans include incorporation of the Christ Hani, O R Tambo, Pixley Ka Seme District municipalities. The District also entered into a formal agreement with the working on fire programme with a focus of increasing the available human resources. Fire protection associations have been

formed across the District to coordinate operations with regard to planning such as fire breaks and response to incidents, etc. The Provincial Disaster Management centre also provides support as and when needed. Good relations with the farming community also enable the District to respond to fire incidents with high levels of success.

3.6.2 Disaster Management

The District Disaster Management Unit has been established to develop the Districts capacity to deal with disasters. The Disaster Management Centre (DMC) was established within the Community Services Department, the District Disaster Management unit plays an advisory role to sector departments and communities through Disaster Risk Management Advisory Forum that meet quarterly.

The unit has been assessing risks and developing protocols, however there is still a need to develop a Disaster Risk Management Plan (DRMP). The disaster risk assessment identifies and quantifies the various risks the area is exposed to, and develop strategies on how prevention, mitigation and responses should be arranged and managed by all stakeholders.

3.7 Component G: Corporate Policy Offices

3.7.1 Corporate Policy Offices

The political and administrative seat of JGDM is in Barkly East. There are satellite offices that are spread throughout the local municipalities of the District. Only specific sub-functions of Departments operate from the satellite centres and no challenges have been identified. Satellite offices are managed by section heads and specialists. This enhances management of the satellite centres as all section heads sit in Management meetings of the municipality. Thus, all satellite centre managers are part of the main office District Management team and participate in same processes.

Financial Services, Human Resources and ICT services are also stationed in the main office building in Barkly East.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 Component A: Introduction to the Municipal Personnel

4.1.1 Total Employment, Turnover and Vacancies

A total of 24 Staff appointments were made during the 2022/2023 FY. There were also 31 employee exits processed, which constitutes the staff turnover that existed during the FY in question. There are however still 279 vacancies on the Organogram as at 30 June 2023. The filling of vacancies are however currently only processed on a needs basis and only in respect of critical positions due to the current and ongoing OD/Re-engineering Project, which requires extreme caution to be exercised in appointing staff in order to avoid a bloated staff compliment and excess staff at the point of implementing the new organisational structure.

4.1.2 Vacancy Rate based on total approved posts

The vacancy rate in respect of the 2022/2023 FY is 26%. This is an increase in the vacancy rate from the previous FY where it was at 22%. This can mainly be attributed to the current and ongoing OD/Re-Engineering Project which resulted in only critical positions being prioritized for filling. The municipality is also in the process of re-aligning its organisational structure in line with the requirements of the Municipal Staff Regulations, 2022.

4.1.3 Comment on the overall vacancies and turnover

The staff turnover that existed during the 2022/2023 FY is made up of 12 x resignations , 12 x retirements, 5 x deaths and 2 x dismissals. The resignation rate may be ascribed to factors such as the rural nature and location of the municipality which consequently results in great difficulties to attract and retain especially skilled employees. The high retirement rate is an indication of the aging staff compliment of the municipality, which is mainly concentrated to lower level employees such as General Workers, Labourers and other technical staff. The finalisation and implementation of the OD/Re-engineering Project is *inter alia* intended to resolve some of the mentioned challenges and to also enable the municipality to be able to effectively deliver on its legislated mandate.

4.2 Component B: Managing the Municipal Workforce

4.2.1 Policies

Listed below are effective Skills Development Policies as approved by Council on 30 June 2022 for 2022/2023 financial year. All the listed policies are applicable from 01 July 2022. Adherence is highly monitored and enforced.

- No 1 Joe Gqabi District Municipality Leave Policy 2022 2023

- No 2 Policy On Medical Aid Contributions For In-Service Employees And Pensioners 2022 2023
- No 3 Overtime And Shift Work Policy 2022 2023
- No 4 S&T Policy 2022 2023
- No 5 NFMW Policy 2022 2023
- No 6 Policy On The Payment Of A 13th Cheque To Temporary Employees Interns And Students 2022 2023
- No 7 Recruitment Selection And Appointment Policy 2022 2023
- No 8 Acting And Enhanced Responsibility Allowance Policy 2022 2023
- No 9 Termination Of Employment Policy 2022 2023
- No 10 JGDM Relocation Policy 2022 2023
- No 11 Cellphone Policy 2022 2023
- No 12 Rental And Housing Subsidy Policy 2022 2023
- No 13 Working Hours Policy 2022 2023
- No 14 JGDM Smoking Policy 2022 2023
- No 15 Banking And Deductions Policy 2022 2023
- No 16 Policy On The Use Of Municipal Facilities By Trade Unions 2022 2023
- No 17 Policy On The Appointment Of An Acting Municipal Manager Or Section 56 Manager 2022 2023
- No 18 Employee Assistance (EAP) Policy 2022 2023
- No 19 Essential User Scheme Policy 2022 2023
- No 20 Attendance Register Policy 2022 2023
- No 21 Policy On Incapacity Due To Ill Health Or Injury 2022 2023
- No 22 Occupational Health And Safety Policy 2022 2023
- No 23 Bad Weather Inaccessibility Policy 2022 2023
- No 24 Bereavement Policy 2022 2023
- No 25 Policy On Gifts Gratia And Long Service Awards 2022 2023
- No 26 JGDM Harassment Policy 2022 2023
- No 27 JGDM Standby Duty And Allowance Policy 2022 2023
- No 28 Alcohol And Drug Abuse Policy 2022 2023
- No 29 JGDM Gratuity Policy 2022 2023
- No 30 Policy On The Termination Of Employee Records From The Payroll System 2022 2023
- No 31 Recruitment Of EPWP Employees 2022 2023
- No 32 JGDM PPE Policy 2022 2023
- No 33 - JGDM Task Job Evaluation Policy 2022 2023
- No 34 Recruitment Of Short Term Fixed Term Contract Employees 2022 2023
- No 35 Home Remote Working Policy 2022 2023

4.2.2 Injuries, sickness and suspensions

A total of 11 Injuries on Duty (IOD's) were reported to the Department of Employment and Labour and attended to during the FY in question. These IOD's are mostly associated with employees who contracted Covid-19 on duty during the period of the Covid-19 pandemic. All effort is being made to implement safe working procedures and to foster a culture of occupational health and safety to mitigate any risk associated with occupational injuries

and diseases. A total six (6) employees were suspended due to alleged misconduct. The disciplinary inquiries associated with the said suspensions are ongoing.

4.2.3 Performance Rewards

The Council is implementing performance management at three levels; viz: senior managers, section heads and all supervisors from task grade 11. Following the approval of the Consolidated Annual Report, Council undertook performance assessments of all these levels under the PMS. Internal capacity is being established with a view strengthening the internal assessments process. All due performance rewards were paid to deserving employees following an assessment process as disclosed in the Consolidated Annual Financial Statements.

4.3 Component C: Capacitating the Municipal Workforce

4.3.1 Skills Development & Training

The table below summarises the skills development training implemented by the District municipality over the 2022/23 financial year.

Table 10: Training interventions implemented

Name of Intervention	Intervention Type	Intervention for	Number of participants	Gender		Age		
				Female	Male	Below 35	Above35	Above 60
Municipal Finance Management Programme	Learnership	Councillor	2	2	0	1	1	0
IT Governance and Cyber Security	Conference / Workshop	Staff	1	1	0	0	1	0
Drafting of ICT Contracts	Skills Programme	Staff	2	2	0	1	1	0
SALGA Portfolio based Induction	Workshop	Councillor	3	1	2	0	0	0
MPAC Conference	Conference / Workshop	Councillor	1	1	0	0	0	1
Social Housing	Workshop	Councillor	1	0	1	0	1	0
Online Mastering Contracts	Workshop	Staff	2	2	0	1	1	0
VAT Returns For Municipal Officials	Training	Staff	3	2	1	2	1	0
First Aid level 1	Training	Staff	39	-	-	-	-	-
Heavy Plant Machinery	Training	Staff	43	0	43	5	32	6
SHE Representative	Training	Staff	42	-	-	-	-	-
Diploma in Civil	Bursary	Staff	1	0	1	0	1	0

Name of Intervention	Intervention Type	Intervention for	Number of participants	Gender		Age		
				Female	Male	Below 35	Above35	Above 60
Engineering								
Post -Grad in Business Management	Bursary	Staff	1	1	0	0	1	0
Advanced Diploma in Business studies	Bursary	Staff	1	1	0	0	1	0
Induction to Local Government	Workshop	Staff	7	6	1	4	3	0
EHP Online	Training	Staff	22	19	3	6	16	0
DORA	Workshop	Staff and Councillors	5	3	2	0	5	0
POPIA	Workshop	Staff	3	0	3	0	3	0
Anti -fraud and Corruption	Workshop	staff and Councillors	70	-	-	-	-	-
Disciplinary Board	Training	staff	4	2	2	2	2	0
MPAC	Workshop	Staff	2	2	0	2	0	0
Policy Presentations	Awareness	staff	152	-	-	-	-	-
Building Sustainable Municipalities	Seminar	staff	2	1	1	0	2	0
Water Detection and Repairs	Training	Staff and Communities	42	-	-	-	-	-

4.4 Component D: Managing the workforce expenditure

4.4.1 Employee expenditure

CURRENT EMPLOYEE BENEFITS

Bonuses	6 550 401	6 109 419	6 092 215	5 750 268
Staff Leave	19 958 071	19 955 646	19 210 526	19 264 752
Performance Bonuses	12 909 570	12 459 586	12 909 570	12 459 586
Other Provisions	582 342	582 342	582 342	582 342
Current Portion of Non-Current Employee Benefits - Refer to note 17	3 306 550	2 686 590	3 306 550	2 686 590
Post-Retirement Medical Benefits	1 525 000	1 490 000	1 525 000	1 490 000
Long Service Awards	1 754 000	1 166 000	1 754 000	1 166 000
Ex-Gratia/Gratuities	27 550	30 590	27 550	30 590
Total	43 306 934	41 793 583	42 101 203	40 743 539

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 Component A: Statement of Financial Performance

5.1.1 Statement of Financial Performance

The statement of financial performance is comparable on a line by line basis except for the following:

- The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations and Other Income. Actuarial Gains and Inventory Adjustments are included as part of Gains for budget comparison purposes.
- Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, the following line items are aggregated:

- Contracted Services also includes VIP Toilets. Repairs and Maintenance are included in both Contracted Services a well as Other Expenditure.
- Other than the items identified above (relating to aggregations), the following actual results were also reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA and National Treasury classifications and principles

The Consolidated Statement of Comparison of Budget and Actual Amounts is disclosed in terms of paragraph 32 of GRAP 24. Paragraph 32 of GRAP 24 states that separate budgets may be recompiled in order for consolidated disclosure purposes. The Economic Entity did not prepare a Consolidate Budget and therefore opted to apply paragraph 32 in order to recompile a consolidated budget based on the approved budgets of Joe Gqabi District Municipality and Joe Gqabi Economic Development Agency (SoC) Ltd (hereafter referred to as "JoGEDA").

5.1.2 Grants

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Economic Entity meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Economic Entity has complied with the conditions embodied in the agreement. Where

the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cashbacked. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Economic Entity until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Economic Entity's interest it is recognised as interest earned in the Consolidated Statement of Financial Performance.

UNPAID CONDITIONAL GOVERNMENT GRANTS

National Government	4 563 240	4 563 240	4 563 240	4 563 240
Balance Previously Reported		4 648 543		4 648 543
Prior Period Adjustment - Refer to note 43.06		(85 303)		(85 303)
Provincial Government	1 638 614	6 347 799	1 638 614	6 347 799
Balance Previously Reported		8 978 948		8 978 948
Prior Period Adjustment - Refer to note 43.06		(2 631 148)		(2 631 148)
Total Unpaid Grants	6 201 854	10 911 039	6 201 854	10 911 039
Unpaid Conditional Grants and Receipts consist out of the following:				
Municipal Infrastructure Grant (MIG)	4 563 240	4 563 240	4 563 240	4 563 240
Public Works - Special Programme	1 638 614	6 347 799	1 638 614	6 347 799
Total Unpaid Grants	6 201 854	10 911 039	6 201 854	10 911 039
UNSPENT CONDITIONAL GOVERNMENT GRANTS				
National Government	151 964	2 238 964	151 964	2 238 964
Total Unspent Grants	151 964	2 238 964	151 964	2 238 964
Total Conditional Grants and Receipts due to Economic Entity taking into account unpaid grants included in note 6	6 049 889	8 672 075	6 049 889	8 672 075

Also refer to Appendix B for further detail relating to grants.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

GOVERNMENT GRANTS AND SUBSIDIES

	334 540 000	302 992 000	334 540 000	302 992 000
Unconditional Grants - National Government	334 540 000	302 992 000	334 540 000	302 992 000
Equitable Share	334 540 000	302 992 000	334 540 000	302 992 000
Unconditional Grants - Other National Departments	459 319	442 064	459 319	442 064
LG Seta	459 319	442 064	459 319	442 064
Conditional Grants - National Government	245 064 000	242 247 000	245 064 000	242 247 000
Finance Management Grant (FMG)	1 500 000	1 500 000	1 500 000	1 500 000
Municipal Infrastructure Grant (MIG)	180 246 000	166 188 000	180 246 000	166 188 000
Expanded Public Works Program (EPWP)	1 314 000	1 559 000	1 314 000	1 559 000
Water Services Infrastructure Grant (WSIG)	60 000 000	73 000 000	60 000 000	73 000 000
Regional Bulk Infrastructure Grant (RBIG)	2 000 000	-	2 000 000	-
Rural Households Infrastructure Grant	4 000	-	4 000	-
Conditional Grants - Provincial Government	21 027 810	23 207 822	21 027 810	23 207 822
Public Works - Special Programme	21 027 810	23 158 214	21 027 810	23 158 214
Drought Relief (COGTA)	-	49 608	-	49 608
Total	601 091 129	568 888 887	601 091 129	568 888 887
Disclosed as:				
Government Grants and Subsidies - Capital	161 233 271	163 022 437	161 233 271	163 022 437
Government Grants and Subsidies - Operating	439 857 858	405 866 450	439 857 858	405 866 450
Total	601 091 129	568 888 887	601 091 129	568 888 887

The Economic Entity does not expect any significant changes to the level of grants.

Grants per Vote (MFMA Sec 123 (c)):

Equitable share	334 540 000	302 992 000	334 540 000	302 992 000
Financial Services	3 191 120	1 500 000	3 191 120	1 500 000
Corporate Services	459 319	442 064	459 319	442 064
Technical Services	202 900 690	190 954 822	202 900 690	190 954 822
Water Services Provision	60 000 000	73 000 000	60 000 000	73 000 000
Total	601 091 129	568 888 887	601 091 129	568 888 887

5.1.3 Asset Management

Variance on Depreciation & Asset Impairment is as result of the reduction in Capital budget of R30 million (municipal fleet) and the value of Work In Progress PPE transferred to Infrastructure assets being less than estimated.

Financial Assets

Fixed Deposits (Zero coupon)	2 147 455	2 053 454	2 147 455	2 053 454
Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	621 319	1 894 055
Receivables from Exchange Transactions	652 612 149	467 003 025	652 599 479	466 990 355
Receivables from Non-Exchange Transactions	172 198	104 797	-	-
Cash and Cash Equivalents	8 952 889	32 316 619	5 989 746	24 931 312
Unpaid Conditional Government Grants and Receipts	6 201 854	10 911 039	6 201 854	10 911 039
Total	670 086 545	512 388 934	667 559 852	506 780 215

5.1.4 Financial ratios

In line with the strategic objective of ensuring sound and effective financial management and reporting, Cost coverage ratio stood at 0,17 against a target of 2,02. The cash at year end was sufficient to cover for 1,3 months which is an improvement from the previous restated 0,47. Reserves will be built over the next three years to ensure

sufficient cash to cover at least 2 months operational cost. The debt coverage was overachieved by 31.56% against a target of 2,03 due to the municipality not having major long term debts. Outstanding service debtors to revenue ratio performed at 12,91 against a target of 1,8. The collection rates on current year billing remain the same as the prior year and this is resulting in arrears growing. To address this challenge, Council will conduct community campaigns and also further implement the debt write off programme.

5.2 COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.2.1 Capital Expenditure

The capital projects are implemented by the Project Management Unit (PMU), which is situated at the Technical Services Directorate. The main grants that the Unit manages for this financial year are as follow:

- Municipal Infrastructure Grant (MIG)
- Regional Bulk Infrastructure Grant (RBIG)
- Expanded Public Works Programme Incentive Grant (EPWPIG)

Summary of Expenditure

2022/23 GRANTS	Allocations	Expenditure	Exp (%)	Balance
MIG	R 180 246 000	R180 223 818,79	99.99%	R22 181,21
RBIG	R 2 000 000	R 1 944 787,59	97,24%	R55 212,41
EPWPIG	R 1 314 000	R 1 314 000.00	100%	R 0
Totals	R 183 560 000	183 482 606.30	99.96	R 77 393.62

The allocation for JGDM for 2022/23 financial year is R180 246 000. The expenditure to date is R180 223 818 (99.99%)

The municipality is implementing Seventeen (18) projects across the district; distributed as follows:

- Elundini LM - 5 Projects
- Senqu LM - 11 Projects
- Walter Sisulu LM - 2 Project

5.2.2 Sources of finance

ECONOMIC ENTITY¶	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
Capital expenditure & fund sources¶						
Capital expenditure	269 183 650	(55 105 408)	214 078 242	122 717 104	(91 361 138)	183 739 417
Transfers recognised - capital	234 233 650	(24 336 408)	209 897 242	161 233 271	(48 663 971)	163 022 437
Front Loading Expenditure	-	-	-	(52 366 307)	(52 366 307)	(11 463 199)
Borrowings	30 000 000	(30 000 000)	-	9 418 083	9 418 083	31 485 025
Internally generated funds	4 950 000	(769 000)	4 181 000	4 432 058	251 058	695 154
Total sources of capital funds	269 183 650	(55 105 408)	214 078 242	122 717 104	(91 361 138)	183 739 417

5.3 Component C: Cashflow management and Investments

5.3.1 Cash Flow

ECONOMIC ENTITY	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
Cash flows						
Net cash from (used) operating	244 841 672	→ 55 364 001	→ 300 205 673	→ 160 144 952	→ (140 060 721)	→ 137 320 976
Net cash from (used) investing	(264 191 531)	→ (30 215 408)	→ (294 406 939)	→ (122 746 590)	→ 171 660 349	→ (182 679 587)
Net cash from (used) financing	29 453 725	→ (30 000 000)	→ (546 275)	→ (60 762 091)	→ (60 215 816)	→ 59 552 228
Net Cash Movement for the year	10 103 866	→ (4 851 407)	→ 5 252 459	→ (23 363 729)	→ (28 616 488)	→ 14 193 617
Cash/cash equivalents at the year begin	5 045 859	→ (750 974)	→ 4 294 885	→ 32 316 619	→ 28 021 734	→ 18 123 002
Cash/cash equivalents at the year end	→ 15 149 725	→ (5 602 381)	→ 9 547 344	→ 8 952 889	→ (594 454)	→ 32 316 619

5.4 Component D: Other Financial Matters

5.4.1 Supply Chain Management

The institution maintained a functional supply chain management function with key staff positions filled. Bid committees functioned effectively and sat as required with no challenges. A contracts management officer position was also filled. Approved deviations that occurred over the year under consideration are highlighted below.

QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

Emergencies	27 408 644	67 712 663	27 408 644	67 712 663
Goods and services are available from a Single provider only	156 517	349 524	99 074	343 644
Other exceptional cases where it is impractical or impossible to follow the official procurement processes e.g. Strip and Quotes	2 520 475	1 739 022	2 520 475	1 649 926
Minor deviation (Regulation 25)	105 614	-	-	-
Total	30 191 250	69 801 209	30 028 193	69 706 233

The term "strip and quote" is an estimate by a technical person to scope to ascertain any hidden or latent defects before repairs can be started.

It is considered "impractical" where, for example, repairs need to be done and it is not possible for the Economic Entity to ascertain or specify the nature or extent of the work required. This may require a "strip and quote" to determine the scope of work to be done to rectify the situation. This may require dismantling of the asset. This is common on mechanical, electrical and related repairs.

As reflected under note 47.1 to the Consolidated and Separate AFS, unauthorized expenditure of R24 million was incurred as a result of over spending on the operating expenditure vote.

5.4.2 GRAP Compliance

The Accounting Officer is responsible for the preparation and a fair presentation of the separate and consolidated financial statements that are free from material misstatements whether due to fraud or error. The AG's assessment over the year under review reflects that the consolidated and separate financial statements presents a fairly, in all material respects, the financial position of the Joe Gqabi District Municipality as at 30 June 2023. And its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP). GRAP Compliant AFS are

attached in this report.

CHAPTER 6: AUDITOR GENERAL'S FINDINGS

6.1 Component A: Auditor General opinion (Prior Year)

Auditor-General Report on Financial Performance: 2021/22 FY	
Audit Report Status*:	CLEAN
Non-Compliance Issues	Remedial Action Taken
Infrastructure assets register is not complete	Matters were resolved during the audit, however based on the project plan the bar-codes will be removed and GIS co-ordinates will be used to track and manage the assets.
Infrastructure assets not barcoded and do not have a unique identified	Matters were resolved in the audit, however based on the project plan the bar-codes will be removed and GIS co-ordinates will be used to track and manage the assets.
Assets with no barcodes or unique asset number in the Fixed Asset Register	Matters were resolved in the audit, however based on the project plan the bar-codes will be removed and GIS co-ordinates will be used to track and manage the assets.
Inadequate IT Governance control	<p>A review of the IT strategic plan to include the planned timelines for starting and completing IT projects/initiatives to be undertaken</p> <p>A review of the IT risks to be undertaken</p> <p>A review of the procedures of how IT risks are tracked and monitored to be undertaken</p> <p>A formal project plan development of projects to be undertaken</p>
Inadequate IT Security Management Controls	A review of the Information Security Policy and/or supporting procedures to include requirements for sanitation of media prior to disposal or re-allocation to be undertaken
<i>Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	

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

6.2 Component B: Auditor General opinion (Current Year)

Audit report of the auditor-general to Eastern Cape Provincial Legislature and the council on Joe Gqabi District Municipality

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the Joe Gqabi district municipality set out on pages...to..., which comprise the consolidated and separate statement of financial position as at 30 June 2023, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets and consolidated and separate cash flow statement and consolidated and separate statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Joe Gqabi district municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Financial Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Impairments – Receivables from exchange transactions

7. As disclosed in note 4 to the consolidated and separate financial statements, provision for impairment of R96, 4 million (2021-22: R92, 8 million).

Unauthorised expenditure

8. As disclosed in note 47.1 to the consolidated and separate financial statements, unauthorised expenditure of R24 million was incurred, as a result of overspending on operating expenditure vote.

Material losses

9. As disclosed in note 48 to the consolidated and separate financial statements, material water losses of R56, 8 million (2021-22: R48, 4 million) were incurred, which represents 36, 1% (2021-22: 36, 9%) of water lost since abstraction. These losses were as a result of leaks and leaking reservoirs.

Other matter

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

Unaudited disclosure note

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

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

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

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

14. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
KPA 1 – Service delivery and infrastructure provision	x - x	Provide access to basic services

18. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures for the purpose of reporting material findings only, and not to express an assurance opinion / conclusion.

21. I did not identify any material findings on the reported performance information of the selected key performance area.

Other matter

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

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements/ measures taken to improve performance.

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

27. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

28. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the consolidated and separate financial

statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

- 29. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. I have nothing to report in this regard.

Internal control deficiencies

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

Other reports

33. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements.
34. The municipality identified possible fraud where the medical aid was paying a portion of membership contributions made by the municipality to the employees. This has been reported to South African Police Services for investigation and the matter was in progress at the time of concluding the audit.
35. The Public Protector performed an investigation based on complaints received from the public. The investigation was initiated based on inadequate delivery of water services which prejudices the community members within the district. This deficiency in the provision of an essential basic need such as water is not in line with the legal obligations of the district. The investigation was concluded and acknowledged by the district and an action plan is to be tabled with council.

Auditor - General

East London

14 December 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected key performance area and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

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

separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

AUDIT ACTION PLAN TO ADDRESS FINDINGS AND RISKS IDENTIFIED IN THE 2022/23 AUDIT

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score	
Human Resources									
	Competency Assessments not completed	Manager: Budget and Treasury did not complete the his CPMD	Financial and performance management: Review and monitor compliance with applicable legislation	Management should ensure that all manager competency levels assessments are kept on file to ensure that they are readily available for audit	The Manager resigned as at 31 December 2023, all monies were recovered. Detail review has been done by the Skills section and the matter has been attended to.	Manager: Skills	Immediately	Partially resolved. Manager has since resigned. Institution is reviewing all competency requirements to ensure they are on file	4
IT Governance									
	IT Related control deficiencies	The IT manager does not have a formal IT qualification	Financial and performance management: Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information	Management should ensure administrator activities are adequately reviewed so as to confirm that administrators perform tasks that are in line with their responsibilities. Furthermore management should ensure that IT personnel have the required professional qualifications	The IT manager formally retired as at 31 December 2023 and the new manager who assumed duty as at 1 November 2023 does have the required professional qualification	Director Corporate Services Municipal Manager	Immediately	Resolved	5
Annual Financial statements									

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
Disclosure and presentation	Differences were noted between the payroll report totals and the Ledger for councillors remuneration, however the totals did agree.	Financial and performance management: Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Management should ensure that there is adequate review over the Annual Financial Statements and that source documents agree to the Annual Financial statements	The matter has been corrected already during the audit. Additional review controls have been implemented to ensure the Payroll system, Ledger and AFS agree in detail and not only in total	CFO, BTO, Financial Technical Expert	Ongoing	In progress	3
Cosmetic and date errors	Date of the appointment of Director Technical Services was incorrectly disclosed	Financial and performance management: Prepare regular, accurate and complete Financial and performance reports that are supported by reliable information	Management should ensure that regulation and policies are communicated to all employees and councillors engaged in the municipality, these can be done through workshops, summary of important pieces of legislations that might impact the compliance of the municipality to the applicable legislations	AG recommendation is not appropriate for the circumstance. Matter has been resolved during the audit. Additional review functions will be allocated during the next set of AFS compilation.	CFO, BTO, Financial Technical Expert	Ongoing	In progress	4
PPE note disclosure	The municipality did not disclose the opening balance of	Financial and performance management: Implement proper record keeping in a timely manner to	Management should ensure that the disclosure of the Property, plant and equipment is compliant with all the GRAP	The AFS template have been amended to cater for the opening balance of the carrying	CFO, BTO, Financial Technical Expert	Immediately	Resolved	5

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
	the carrying value	ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting	<p>requirements as follows:</p> <p>1. Amend note 8 of the AFS, reconciliation of PPE to reflect the carrying amount of PPE as at the beginning of the financial year.</p> <p>2. It is recommended that, under reconciliation of work in progress, management indicate the total number of years project is on WIP (That is the years between the project start date and the current financial year end date.) Where a project is completed in different phases, it is recommended management consider to include all this detail as part of their comments in the last column of the note, so as to ensure it is easily understandable.</p>	value and not the detail of the opening balance only				

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
VAT correction 201	Management did not process a journal for the correction on the AFS	Financial and performance management: Implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting	It is recommended that management should perform completeness check of items restated and ensure that journals are processed to reflect the adjustment	Controls have been developed to ensure all corrections are supported by the relevant supporting documentations	CFO, BTO, Financial Technical Expert	Ongoing	In progress	4
Misclassification of expenditure	Bulk purchases were recorded against the water quality vote that resulted an under recording for Bulk purchases and over recording for water quality	Financial and performance management: Review and monitor compliance with applicable legislation. Leadership: Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.	Management should process an adjusting journal to correctly reclassify the line items to their relevant GRAP applicable account line items to present the annual financial statements without any non-compliance.	Annual control to review the GL for potential misallocation to be enhanced	BTO	Ongoing	In progress	2

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
Understatement of Material losses	Differences were noted between the recalculations performed by the auditor vs what was on the report and AFS	Financial and performance management: Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	It is recommended that management adjust the material losses balance to correctly reflect the figure as per casting of the submitted schedule.	The inputs and calculations by the Expert will be reviewed by the Municipality before finalisation of the report	Director: Technical services	Year end	In progress	2
Prior period error	The prior period errors lack in depth descriptions of the reasons and nature	Financial and performance management: Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Financial and performance management: Review and monitor compliance with applicable legislation.	It is recommended that management should include a detailed summary of the nature of each material line item that resulted in the restatement of each material line item.	The AFS template have been updated to cater for the detail descriptions/Explanations	CFO, BTO, Financial Technical Expert	Ongoing	In progress	5
Supply Chain Management								

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
False declaration	The declaration submitted by a service provider was false	Financial and performance management- Review and monitor compliance with applicable legislation. Leadership -Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.	Management should ensure that regulation and policies are communicated to all employees and councillors engaged in the municipality, these can be done through workshops, summary of important pieces of legislation that might impact the compliance of the municipality to the applicable legislations.	Annual declarations are made by Employees and Councillors. Annual policy workshops are conducted by the municipality	Director corporate services	Ongoing	In progress	3
Expenditure management								
All supporting documents not attached	During the review of a voucher paid to JoGEDA for VIP toilets, it was noted that the supporting information does not add up to the amount paid	Financial and performance management: Implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.	Management should ensure that there are adequate internal controls in place that are implemented consistently with regards to review of documents before a payment is processed.	Controls have been implemented in the payment section to ensure that all the supporting documentation agree to the invoice to be paid	Manager: Expenditure	Immediately and on going	In progress, daily responsibility	4

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
Bulk purchases	During the review of the payments for Bulk water supply no evidence was attached to proof how the municipality satisfy themselves to ensure the readings and or billing is correct by the department of water affairs	Financial and performance management: Implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.	Management should ensure proper record keeping of the meter readings to ensure invoices submitted are validated before expenditure is recorded, management should ensure expenditure is supported and evidenced by reliable information.	Controls are being implemented to ensure that the end users does supply the proof of verification	Manager: Expenditure, Manager Auxiliary services, Manager: WSA	Immediately and on going	In progress, daily responsibility	3
Revenue Management								

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
Billing system challenges	<p>Sequence of receipt numbers</p> <p>A follow-up will be performed in the next year's audit to determine implementation of the system improvement project that Inzalo EMS is currently busy with to ensure that the sequential nature of receipt numbers is also maintained alongside the receipt IDs, thus finding remains</p> <p>Receipt not linked to account.</p>	<p>Financial and performance management: Implement controls over daily and monthly processing and reconciling transactions.</p>	<p>It is recommended that the exception reports be done monthly to keep track of the sequence of receipts and investigate reasons for any skipped numbers within the sequence.</p> <p>The timing between closing of daily collections and banking of cash collected is too long and taking into consideration the missing receipt numbers in the sequence could affect the completeness of money banked. It is therefore recommended that the management consider improving controls over banking.</p>	The controls are currently been looked at and will be amended	Inzalo CFO	In progress	In progress, daily responsibility	2

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
	A follow-up will be performed in the next year's audit to verify any anomalies of change amount against a credit card transaction is due to system incorrectly saving a change amount when changing payment type from cash to credit card during a sale, thus finding remains.							
Estimate billing	Estimate billing: Management agrees with the finding and it remains, it will be reported as	Financial and performance management: Implement controls over daily and monthly processing and reconciling transactions.	It is recommended that estimates not be applied for more than 3 months to avoid inconsistency in readings. Accounts that are charged by means of estimates need to be identified and consider	Interims to be managed to not exceed a reasonable time. Special project developed to investigate all interims. Procurement of new meters	Manager: Revenue CFO	In progress	In progress, daily responsibility	2

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
	<p>internal control deficiency in the management report. Billing based on an estimated consumption is only appropriate when it is used as a temporary measure until the actual consumption is available.</p> <p>A follow-up will be performed in the next year's audit to determine implementation of management's plan with regards to the use of excessive estimates.</p>		<p>replacing meters in order to take actual readings for more accurate readings charged, alternatively install prepaid meter for such accounts.</p>					
Use of Consultants								

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
	Consultancy Reduction plan	Financial and performance management Review and monitor compliance with applicable legislation	Management should ensure that a plan has been devised and implemented so that consultants are reduced in the foreseeable future	Reduction plan will be considered, however the use of consultants is very low in the institution	CFO, Director Technical Services	Ongoing	In progress	1
JoGEDA								
	No Vat input was claimed for monies paid to the Agency as a Equitable share grant	Financial and performance management: Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Financial and performance management: Review and monitor compliance with applicable legislation.	Correction to be made to the AFS	Appointment with SARS have been made to attend to the matter. No correction could be made because no valid Tax invoice as per the VAT act exists. Matter did not had an impact on the AFS, but will be addressed going forward with consultation with SARS	CFO Manager Expenditure	30-Jan-24	In progress	3
Fraud risk Assessment								
	The Municipality did not perform a Fraud risk assessment for the year		Management should ensure that an annual Fraud risk assessment is done and readily available for audit		COO	Annually	In progress, bid issued for external support to undertake the exercise and assist to build capacity for	1

	Finding	Internal Control Deficiency	Auditor Recommendation	Action	Who	When	Progress	Score
	under review						JGDM to continue thereafter	

Appendices

Appendix A: Councillors; Committee Allocation and Council Attendance

Indication:

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

Names & Surname	2022					2023						
	28-07-2022 (SCM)	31-08-2022 (SCM)	29-09-2022 held on 06- 10-2022 (Virtual 3 rd OCM)	27-10-2022 (SCM)	08-12-2022 (4 th OCM)	26-01-2023 (SCM)	23-02-2023 held on 27-02-2023 (SCM)	30-03-2023 (1 st OCM)	26-04-2023 (SCM)	25-05-2023 (SCM)	30-05-2023 (SCM)	29-06-2023 (2 nd OCM)
Cllr NP Mposelwa	P	P	P	P	P	P	P	P	P	✓	✓	P
Cllr M Bomela	P	P	P	P	P	P	P	P	P	P	P	P
Cllr SE Ntsoelinyane	✓	P	P	P	P	P	P	P	P	P	P	P
Cllr NU Hlathuka	P	P	P	P	P	P	P	P	P	P	P	P
Cllr S Mei	✓	P	P	P	P	P	✓	P	P	✓	P	P
Cllr A Skoti	✓	P	P	P	P	P	P	P	P	P	P	P
Cllr NR Lengs	✓	P	✓	P	P	P	P	P	P	P	P	A
Cllr N Mabunu	P	P	P	P	P	P	P	P	P	P	P	A
Cllr AM van Zyl	P	Resigned on the 31 August 2022 and was replaced by Cllr GJ Shaw										
Cllr GJ Shaw	Replace Cllr AM van Zyl and was sworn in on 08 September 2022		P	P		P	✓	P	P	P	P	P
Cllr SG Moroahae	P	✓	P	A	P	P	✓	P	P	P	P	P
Cllr FM Sonti-Maqanda	P	P	P	P	A	A	P	✓	P	P	A	A
Cllr M Telile	P	P	P	P	P	P	P	✓	P	P	A	P
Cllr M Siphamla	P	P	P	A	P	P	P	A	P	P	A	A
Cllr Z Mampintsha	✓	P	P	P	P	P	P	A	P	A	A	P
Cllr S Mdoda	P	P	P	P	P	P	P	A	P	P	A	P
Cllr LC Pili	P	P	P	P	P	No longer a member of Council as at 26-01-2023						
Cllr N Ngendane	P	P	P		P	P	P	P	A	P	P	P

Cllr S Mfisa	P	✓	P	✓	P	P	A	A	A	A	P	A
Cllr N Nyongwana	P	P	P	P	P	P	P	P	A	A	P	A
Cllr L Ndakisa	P	P	P	P	P	P	P	P	A	A	P	P
Cllr NM Phama	P	P	P	P	P	P	✓	A	P	P	A	P
Cllr M Moahloli	A	✓	P	A	P	P	P	P	A	A	P	P
Cllr VD Davids	P	A	P	A	A	A	A	P	A	P	A	P
Ald NS Mathetha	P	P	P	P	P	P	✓	P	P	P	A	P
Cllr E Theron	P	P	P	P	P	P	P	P	P	P	A	P

Appendix B: Committee and Committee Purpose

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

Appendix C: Third Tier Administrative structure

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

Appendix D: Functions of Municipality

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

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

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

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

Appendix G: Recommendations of the Municipal Audit Committee

JOE GQABI DISTRICT MUNICIPALITY

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2023

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

As allowed by section 166(6) (b) of the MFMA, a single Audit Committee has been established to service both the parent municipality and the development agency as an entity of the municipality. The committee presents its report for the financial year ended 30 June 2023.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

Name	Qualifications	Number of meetings attended
Mr C. Sparg – Chairperson	CA(SA), Cert.Dir.	6
Mr A. Jordan	B. Com, B. Tech, MBA	6
MsL. Smith	CA(SA), RA	6
Mr B. Mbewu	BCom (Hons) Acc, MPhil, CIA, CCSA, CGPA, CRMA	5

Mr B. Mbewu was appointed on 01 July 2022 and served until his resignation effective 27 May 2023. The Committee expresses appreciation for the contribution made by the member to the effectiveness of the committee, particularly in respect of internal audit, risk management and compliance.

AUDIT COMMITTEE RESPONSIBILITY

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

The overall responsibility of the Audit Committee is to perform an oversight function on the effectiveness or otherwise of good corporate governance at the institution. The MFMA goes further and details specific responsibilities that the Audit Committee must fulfil. This report therefore is fulfilling the responsibility of this Committee in

accounting to the Council on its legislated mandate. The adopted formal terms of reference of the committee are reviewed annually and the Committee reports that it has regulated its affairs in compliance with these terms of reference and has discharged its responsibilities as contained therein.

In the execution of its duties during the 2022/23 financial year, the activities of the committee have included the matters listed below:

EFFECTIVENESS OF INTERNAL CONTROL

In line with section 62(c) of the MFMA and the King Reports on Corporate Governance requirements, internal audit provides the Audit Committee and management with assurance on the adequacy and effectiveness of the internal controls.

This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The committee has considered the work performed by internal audit on a quarterly basis and has reviewed the findings by the Auditor-General SA on internal controls for the year ended 30 June 2023. The Audit Committee notes that there has been improvement in internal controls in the areas of financial statements, performance reporting and compliance with legislation however recurring findings in respect of internal controls deficiencies still occurred. The committee will continue to monitor the implementation of corrective actions until the audit findings are adequately addressed.

The Accounting Officer and the Management team are commended for their efforts to mitigate risks in this regard and are congratulated on achieving an unqualified audit opinion with no material findings for the third year in succession.

ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The activities of the Audit Committee included the following:

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

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

The Audited financial statements and performance information were reviewed by the

Audit Committee and the Committee commends management for producing documents that were free of material misstatements and accepts the Auditor General's opinion in respect of the documents.

INTERNAL AUDIT

We are satisfied that the internal audit activity (IAA) is operating effectively and that it has addressed the risks pertinent to the municipality in its audits.

The IAA completed their 2022/23 annual plan as approved by the Audit Committee.

We have met with the internal audit during the year to ensure that the function is executed effectively and objectively.

We are satisfied with the content and quality of quarterly reports prepared and issued by the internal auditors during the year under review.

In respect of the IAA, the activities of the Committee included the following:

- Reviewed the effectiveness and adequacy of the IAA and adequacy of its annual work plan.
- Considered whether the independence, objectives, organisation, staffing plans, financial budget, audit plans and standing of the IAA provide adequate support to enable the committee to meet its objectives.
- Reviewed the results of the work performed by the IAA and management response.
- Reviewed the coordination between the IAA and the external auditors.
- Monitored the implementation of actions to deal with control weaknesses identified in Internal Audit reports.

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

RISK MANAGEMENT AND OTHER MATTERS

Risk management has still not been fully embedded at the municipality. Though there are certain areas that require improvement and further growth in maturity, the Municipality has made reasonable progress in the area of risk management, compliance and ICT Governance. The Audit Committee is satisfied that a risk assessment was done, risk registers were completed and mitigating actions were developed and the status of implementation was reported to, and monitored by, the committee.

In these areas, the activities of the Committee have included the following:

- Review of the procedures for identifying business risks and managing their impact on the municipality including the risk management functions.
- Reviewed the adequacy and effectiveness of risk management.
- Reviewed the municipality's policies and procedures for detecting and preventing fraud.
- Reviewed the municipality's compliance with significant regulatory provisions.

- Reviewed such significant transactions as the committee deemed appropriate.
- Reviewed the controls over significant financial and operational risks.
- Reviewed the adequacy, reliability and accuracy of financial and performance information provided by management and other users of such information.

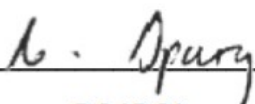
EXTERNAL AUDIT

The Audit Committee met with the Auditor General of South Africa (AGSA) in order to discuss the Audit Strategy at the commencement of the audit and have further met with the AGSA during the completion phase of the audit process, to ensure that all matters relating to the audit were resolved.

The Audit Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements and proposes that these Audited Annual Financial Statements be accepted and read together with AGSA's report. The Audit Committee commends the Municipality for maintaining an unqualified audit opinion with no material findings.

APPRECIATION

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



Mr C. Sparg CA(SA)

Audit Committee Chairperson

January 2024

Appendix I: Service Provider Performance Schedule (including Appendix N)

Senqu LM

Elundini LM

Walter Sisulu LM

No.	Project Name	Project Description	LM	Adjusted Allocation	Expenditure	Progress to date	Challenges	Mitigation plans
1	Upgrading of the Sterkspruit Water Treatment Works and Bulk Lines: Phase II	Upgrading of WTW and construction of 9km pipeline from Blue Gums to Herschel	Senqu LM, Sterkspruit	R 4000 000	R 2 456 767,03	The project is at 98% complete	The pipeline kept on failing during the pressure testing	Keep fixing the areas that were failing until the pipe passes all the sections.
2	Senqu Rural Sanitation Programme: Phase 6	Construction of VIP toilets in Sterkspruit using SMMEs	Senqu LM, Sterkspruit	R 11 668 204	R 10 235 533,41	Top structures and SMMEs are on site and construction is underway	The project delayed starting due to procurement processes	None
3	Elundini Rural Sanitation Programme: Phase 6	Construction of VIP toilets in Elundini using local SMMEs	Elundini LM, Mt Fletcher	R 11 668 204	R 11 262 909,23	Top structures and SMMEs are on site and construction is underway	The project delayed starting due to procurement processes	None
4	Elundini Rural Water Programme (ORIO)	Construction of water supply infrastructure in 109 villages in Maclear including reservoir, pipelines, pressure tanks, standpipes, etc	Elundini LM,	R 12 000 0000	R 12 450 712,89	Progress: Design stage: Geohydrologist still working on establishment of ground water sources Labour: 0 SMMEs: 0 Sub-Consultants (Geohydrologists are now on-site drilling boreholes)	The project is still on design Development stage. The Geohydrologist is busy with the establishment of raw water sources; boreholes and springs and submit to the engineer for design development	There is no suitable or sustainable water on some villages, and this means some of the villages that were prioritised in the Orio programme might not be done due to no water found in their villages.
5	Maclear Water Treatment & Distribution Upgrade (AC Pipe)	Replacement of old AC water pipelines in Maclear CBD	Elundini LM, Maclear	R 10 000 000	R 10 734 941,35	Progress: 100% Construction Complete – Practical Completion has been reached – the Town of Maclear is now supplied from the newly constructed line. Labour:18	Progressed very well	None

	Replacement)					SMMEs: No SMMEs were utilised in the project due to the nature of scope of works		
6	Provision of Sanitation Infrastructure for Ugie: Phase 1	Upgrading of Ugie internal sewer line, construction of two new pump stations and wastewater treatment works	Elundini LM, Ugie	R 500 000	R 0	Progress: Design Development Stage Labour: 0 SMMEs: 0 The official site handover to the Service Providers was held on the 04 May 2023	Procurement took longer than anticipated, how design development is underway	None, as the project is on progress
7	Bulk Sanitation Infrastructure Upgrade for Maclear Phase 3B	Construction of Sewer gravity main, pump station, rising main and refurbishment of WWTW	Elundini LM, Maclear	R 52 431 053	R 60 000 000,00	Progress: 70% complete Labour: 34 SMMEs: 10	The positioning of portions of rising and gravity mains placed on the SANRAL road reserve (R396) without wayleave approved, this has caused significant delays on the project.	All information required by SANRAL in order to receive wayleave approval has been submitted and now awaiting formal approval.
8	Aliwal North Water Treatment Works Holding Dams	Construction of Two off-channel dam at the 8 Aliwal North WTW for raw water storage	WSLM, Aliwal North	R 2 000 000	R 1 181 583,70	Progress: Design and Documentation stage Labour: 0 SMMEs: 0	After in-depth feasibility and assessment, the approved funding seems to be falling short to address the full scope of the project.	Start engagements with DWS, COGTA, MISA and Treasury for additional funding.
9	Jamestown Sanitation Phase 2 (Pipelines)	Construction of sewer reticulation for Jamestown and Masakhane township	WSLM, Jamestown	R 16 902 641	R 15 853 035,86	Progress: Project has reached practical completion Labour: 179 SMMEs: 9 (6 Grade 1CE and 3 Grade 2CE)	Project complete	None
10	Senqu Rural Water: Work Package 1	Water Supply to Senqu Villages	Senqu LM, Sterkspruit	R 972 875	R 972 875,09	Progress: Design Stage Labour: 0 SMMEs: 0	The procurement PSP through our Implementing Agent took longer than expected, however the process is almost concluded.	There is a PSP that has been contracted on emergency basis to finish schemes that were a hazard to the community to eave unattended for a long period of time.

11	Senqu Rural Water: Work Package 2	Water Supply to Senqu Villages	Senqu LM, Sterkspruit	R 7 000 000	R 6 574 279,05	Progress: Construction carried out at Lusizini/Ntubeni Village is at 70% complete Labour: 18 SMMEs: 0	The procurement PSP through our Implementing Agent took longer than expected, however the process is almost concluded.	The IA is busy with procurement of new SP to complete the project
12	Senqu Rural Water: Work Package 3	Water Supply to Senqu Villages	Senqu LM, Sterkspruit	R 9 669 733	R 6 683 909,13	Progress: 95% Construction complete – Working in Hohobeng and Bikizana Villages Labour: 15 SMMEs: 0	The procurement PSP through our Implementing Agent took longer than expected, however the process is almost concluded.	There is a PSP that has been contracted on emergency basis to finish schemes that were a hazard to the community to eave unattended for a long period of time.
13	Senqu Rural Water: Work Package 4	Water Supply to Senqu Villages	Senqu LM, Sterkspruit	R 4 058 505	R 4 058 505	Progress: Design Stage Labour: 0 SMMEs: 0	The procurement PSP through our Implementing Agent took longer than expected, however the process is almost concluded.	The IA is busy with procurement of new SP to complete the project
14	Senqu Rural Water: Work Package 5	Water Supply to Senqu Villages	Senqu LM, Sterkspruit	R 8 964 417	R 8 572 058,32	Progress: 75% completed of Construction Progress Labour: 18 SMMEs: 0	The procurement PSP through our Implementing Agent took longer than expected, however the process is almost concluded.	The IA is busy with procurement of new SP to complete the project
15	Senqu Rural Water: Work Package 6	Water Supply to Senqu Villages	Senqu LM, Sterkspruit	R 9 998 068	R 9 998 062,29	Progress: 70% Complete Labour: 10 SMMEs: 0	The procurement PSP through our Implementing Agent took longer than expected, however the process is almost concluded.	There is a PSP that has been contracted on emergency basis to finish schemes that were a hazard to the community to eave unattended for a long period of time.
16	Senqu Rural Water: Work Package 7	Water Supply to Senqu Villages	Senqu LM, Sterkspruit	R 7 000 000	R 9 327 167,24	Progress: 35% Construction progress Labour: 10	The procurement PSP through our Implementing Agent took longer than	There is a PSP that has been contracted on emergency basis

						SMMEs: 0	expected, however the process is almost concluded.	to finish schemes that were a hazard to the community to eave unattended for a long period of time.
17	Lady Grey Water Supply: New Trunk and Reticulation Water Mains for KweziNaledi & Transwilger	Upgrading of water supply infrastructure	Senqu LM, Lady Grey	R 2 400 000	R 2 928 357,54	Progress: Design Stage Labour: 0 SMMEs: 0	None	None
	PMU Top Slice	Management of the PMU office	JGDM	R 9 012 300	R 6 453 561,70			
	TOTALS			R 180 246 000	143 495 474,81			

Appendix M(i): Capital Expenditure – New Assets Programme (RBIG)

Project Name	Project Description	LM	Adjusted Allocation	Expenditure (2022/23 FY)	Progress to date	Challenges	Mitigation plans
Lady Grey Bulk Water: Long-term Water Supply: Proposes Zachtevlei Dam and Associated Infrastructure	The Works comprises of the Construction of a new dam and associated conveyance infrastructure to deliver water to the existing water treatment plant in Lady Grey	Senqu LM	R 0	R 0	IRS Stage – Nation DWS still considering the funding application for the project	Delays from DWS to finalise IRS application	Keep on engaging the Department
Sterkspruit Wastewater Treatment Works and Associated Bulk Infrastructure	"Development of Sterkspruit Regional Wastewater Treatment Works: A 4Ml/day capacity treatment works (which will be design for possible upgrades), Sludge handling Sewer Lift Pump Stations and Bulk Sewer line: The scoping report has estimated the requirement of about 26.55km of Bulk Sewer Lines of diameter varying from 160mm to 400mm to cover the Sterkspruit areas along with several manholes and other associated features and fixtures."	Senqu LM	R2 000 000	R 1 944 787	The implementation of the project is divided into four (4) phases: (1) Sewer Infrastructure for Mokhesi (Tender Documentation Stage), (2) Sewer Infrastructure for Tapoleng (Design Stage), (3) Sewer Infrastructure for Sterkspruit (Design Stage), and (4) Development of Wastewater Treatment Works (Design Stage).	There were delays with the DWS to conclude the IRS review	None, as the IRS has since been approved
TOTALS			R 2 000 000.00	R 1 944 787,59			

Appendix M(ii): Capital Expenditure – Upgrade/Renewal Programme (WSIG)

NAME OF PROJECT	PROJECT STAGE	AREAS AFFECTED	SCOPE OF WORK	ESTIMATED COSTS PER PROJECT (AS INDICATED ON THE BUSINESS PLAN)	WSIG 2022/2023 ALLOCATED BUDGET (PER PROJECT)	AMOUNT TRANSFERRED BY DWS	WSA 2022/2023 EXPEND PER PROJECT
JOE GQABI DISTRICT MUNICIPALITY							
Refurbishment of Aliwal North and Maclear WWTW	Completed	Aliwal North, Maclear	Detailed Waste Water Treatment Works Plant Audits, Scoping Report, Technical Feasibility Report, Preliminary Design Report, Implementation ready study report, Bid Documents	R 11 000 000,00	R 11 000 000,00	R 60 000 000,00	R 14 158 762,17
Refurbishment of Ugie and Aliwal North WTWs	Completed	Aliwal North and Ugie	Refurbishment and upgrade of pressure filters, flocculation columns, Sedimentation Tank and chlorination systems and associated pumps and piping systems	R 20 069 679,56	R 20 069 679,56		R 26 699 820,51
District Wide Water Conservation and Demand Management	Completed	Oviston, Venterstad, Mt Fletcher	Rehabilitation of Mt Fletcher Dam = 100% Pipeline Replacement in Venterstad = 100%	R 22 930 320,44	R 22 930 320,44		R 15 198 424,41
Rural Rudimentary Water Supply	Completed	Aliwal North, Jamestown, Maclear, Ugie	Geophysical survey and borehole sitting = 100% Drilling Testing = 100% Equipping = 100%	R 6 000 000,00	R 6 000 000,00		R 5 244 480,01

NAME OF PROJECT	PROJECT STAGE	AREAS AFFECTED	SCOPE OF WORK	ESTIMATED COSTS PER PROJECT (AS INDICATED ON THE BUSINESS PLAN)	WSIG 2022/2023 ALLOCATED BUDGET (PER PROJECT)	AMOUNT TRANSFERRED BY DWS	WSA 2022/2023 EXPEND PER PROJECT
JOE GQABI DISTRICT MUNICIPALITY				R 60 000 000,00	R 60 000 000,00	R 60 000 000,00	R 61 301 487,10

Appendix J: Disclosure of Financial Interest

Disclosures of Financial Interests		
Period ending 30 June 2023		
Position	Name	Description of Financial interests* (Nil / Or details)
Speaker	Cllr Bomela M	Nil
Executive Mayor	Cllr Mposelwa NP	Nil
Members of MayCo	Cllr Mabunu N	Nil
	Cllr Ntsoelinyana S	Labour consultations
	Cllr Hlathuka N	Nil
	Cllr Skoti A	Barkly East Trading Enterprise and Ambassador Youth Development
Councillors	Mathetha NS	Amawawesizwe
	Nyongwana N	Nil
	Moahloli MJ	Nil
	Mdoda S	Nil
	Davids V	Nil
	Ndakisa L	Jonkisa waste solutions
	Moroahae S	Dinokeng retail and wholesale
	Mfisa S	Nil
	Telile M	Nil
	Pili L	Nil
	Van Zyl AM	Nil
	Phama N	Nil
	Mampintsha Z	Nil
	Theron E	Nil
	Ngendane NM	Nil
	Siphamla M	Nil
	Lengs NR	Nil
	Sonti-Maqanda FM	Nil
	Mei S	Nil
	Municipal Manager	Nonjola M
Chief Financial Officer	Du Toit S	Nil
Director Technical	Fortuin RJ	Nil
Director Corporate Services	Botha S	Nil
Director Community Services	Libazi N	Nil
COO	Mshumi N	Shares with MTN and Vodacom
WSP Manager	Lusawana D	Immanuel Burial Society

Volume II:

Audited Consolidated Annual Financial Statements