



O.R. TAMBO DISTRICT MUNICIPALITY

O.R. TAMBO DISTRICT MUNICIPALITY

2022/23 ANNUAL REPORT

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VOLUME I

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD


The 2022/2023 financial year has ended and it has been the first full year since the start of the 2021 local government term. The current Council was inaugurated during the tough times when the national government had invoked Section 216 of the Constitution in the municipality due to the noncompliance emanating from the previous regime's political instability. The new council took it upon itself to improve the situation by forging relations with other state organs, instilling governance and a culture of compliance. The commitment we made led to the withdrawal of Section 216 by the National Treasury, though the municipality was put on financial intervention under Section 139 (5) of the Constitution as its financial situation was not in a good state. Presenting this annual report our institution is at phase wherein the Financial Recovery Plan is still being implementation to turn the situation.

Over the year under review, the district municipality has been operating under a tight situation, where it had to prioritize what needed to be done against the existing finances. Be it as may, it pursued its mandates as outlined in the Constitution (Schedule 4) as well as powers and functions assigned by the minister. The Annual Report 2022/2023 is an account of what has been delivered against the set targets in the Service Delivery and Budget `Implementation Plan (SDBIP). Presenting this report, I wish to appreciate the collective efforts of both the political and administrative leadership in ensuring that we serve the people of the region with humility. I am proud to report to the Council and the people of OR Tambo district that with the challenges we were faced with our district had been able to spend almost 90 % of its grants including the Municipal Infrastructure Grant (MIG), the Regional Bulk Infrastructure Grant (RBIG), and Water Services Infrastructure Grant. Also, the institution has been able to recruit in all the critical senior management positions that were vacant over the year including the Municipal Manager, Technical Director, Chief Financial Officer, Director: Community Services and Director: Rural Economic Development and Planning. All these positions were filled in the third and fourth quarter of the financial year. Through these processes it has been a clear demonstration of the commitments we made towards the delivery of services to our communities. I wish to acknowledge that we are not where we should be so far but we see the improvements.

Presenting this annual report, it is my pleasure to highlight that our municipality has achieved 73% of its targets on service delivery as set in the SDBIP. The municipality made some improvement as

against the two previous financial years i.e., 2020/2021 and 2021/2022 where it achieved 55% and 64% respectively. The improvements in the year under review have been further confirmed in the audit outcomes. The OR Tambo district municipality received an Unqualified Audit Opinion with matters of emphasis. The following matters of emphasis were reported (i) restatement of prior year figures (ii) material debt impairment and (iii) unspent conditional grants. The confirmation on the improvement of the municipal books by the AGSA attest to the council commitment of changing the municipal outlook and turning. On the other side the management had already looked on the matter reported by the AGSA and developed an improvement plan in that regard which will be overseen by the council and its committees.

Let take an opportunity to appreciate all the councillors of the district and entire management and staff on the work done to date on the cited improvements. A special work of appreciation to the Municipal Public Accounts committee and all other section 79 committees for putting each one on their toes on the work to be done. Word of appreciation to the citizens, the communities and stakeholders of the district for being patient with us and holding hands in the execution of the responsibility. We know that we are not yet where we wanted to be but improvement demonstrate that we are going somewhere. Having strengthened and built capacity into our management, we are positive that the improvements will be sustained and we will continue to be the better OR Tambo District.



COUNCILLOR M.D. NGQONDWANA
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

This report presents the O.R. Tambo District Municipality's annual report for the 2022/23 financial year. This report is also in compliance with the National Treasury Circular 63 guidelines. It is submitted in line with the objectives, indicators and targets as set out in the 2022/2023 approved Reviewed Integrated Development Plan aligned with the approved budget 3-year MTRF, both of which informed the quarterly performance targets set out in the Service Delivery and Budget Implementation Plan (SDBIP). The annual report is tabled in accordance with the five (5) Local Governments Key Performance Indicators as follows (not in the order of priority): -

- a) Basic Service Delivery and Infrastructure Development
- b) Local Economic Development
- c) Financial Viability and Management
- d) Good Governance and Public Participation
- e) Municipal Transformation and Institutional Development

It depicts the level of achievement of the set targets from the period 1 July 2022 to 30 June 2023. It also reflects explanations on deviations where the institution has not met the set targets as well as corrective measures to be implemented, going forward.

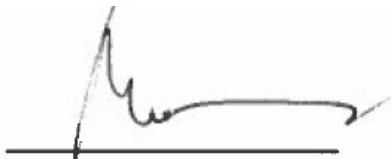
1.1 Municipal Manager's Foreword

The O.R. Tambo District Municipality prepared its Annual Report for the financial year 2022/2023 in line with Section 121 of the Local Government Municipal Finance Management Act, No. 56 of 2003 as well as accompanying circulars, templates, and guidelines. The report provides an overview of the municipal performance and progress made by the district in fulfilling its strategic objectives and priorities as aligned with the Integrated Development Plan (IDP), National Development Plan (NDP) as well as Provincial and National strategic directives.

The report reflects on how the district has been able to utilize the resources towards the implementation of its priorities. Investment in infrastructure remains an important priority for the district and issues such as aging infrastructure and the demand for new infrastructure continue to place the municipality under severe financial pressure. The maintenance of infrastructure is among the vital issues that will allow the district to fulfil its mandate.

The financial year 2022/2023 has been somehow proven a difficult year in the district due to some challenges faced. Part of the key challenges included the disasters and floods that ravaged the district and the rest of the country. On the other side, the municipality had been faced with the impact of 216 of the Constitution in its financial governance. The challenges came about whilst the institution was starting to recover from the impact of the Coronavirus (COVID-19) and the withholding of funds as a result of the Section 216 implementation.

Having faced these challenges, the municipality demonstrated enormous improvement, since the inauguration of the new leadership in December 2021. In the year under review, we are starting to see the testimony of that, especially in governance. These results are part of the commitment made by the political leadership. It is my pleasure therefore to thank the management and the entire staff by embracing the leadership vision towards the implementation of the work and preparation of the necessary report for accountability.

A handwritten signature in black ink, appearing to read 'B. P. Mase', is written over a solid horizontal line.

MR B. P. MASE
MUNICIPAL MANAGER

1.2 Municipal Overview

1.2.1 Municipal Functions

Table 1: Municipal Powers and Functions

	O.R. Tambo	KSD	Nyandeni	Ingquza Hill	Mhlontlo	PSJ
Water	Yes	No	No	No	No	No
Sanitation	Yes	No	No	No	No	No
Municipal Health	Yes	No	No	No	No	No
Electricity Reticulation	No	Yes	Yes	Yes	Yes	Yes
Air pollution	-	Yes	Yes	Yes	Yes	Yes
Building regulation	-	Yes	Yes	Yes	Yes	Yes
Childcare facilities	-	Yes	Yes	Yes	Yes	Yes
Fire fighting	Yes	Yes	Yes	Yes	Yes	Yes
Local Tourism	Yes	Yes	Yes	Yes	Yes	Yes
Municipal Airports	Yes	Yes	Yes	Yes	Yes	Yes
Municipal Planning	Yes	Yes	Yes	Yes	Yes	Yes
Public Transport	Yes	Yes	Yes	Yes	Yes	Yes
Pontoons and ferries	-	Yes	Yes	Yes	Yes	Yes
Disaster Management	Yes	No	No	No	No	No
Storm water	-	Yes	Yes	Yes	Yes	Yes
Trading regulation	-	Yes	Yes	Yes	Yes	Yes
Beaches and amusement facilities	-	Yes	Yes	Yes	Yes	Yes
Billboards and advertisements	-	Yes	Yes	Yes	Yes	Yes
Cemeteries, parlours and crematoria	-	Yes	Yes	Yes	Yes	Yes
Cleansing	-	Yes	Yes	Yes	Yes	Yes
Traffic packing	-	Yes	Yes	Yes	Yes	Yes
Street lighting	-	Yes	Yes	Yes	Yes	Yes

	O.R. Tambo	KSD	Nyandeni	Ingquza Hill	Mhlontlo	PSJ
Street trading	-	Yes	Yes	Yes	Yes	Yes
Refuse removal dumps and solid waste disposal	-	Yes	Yes	Yes	Yes	Yes
Public places	-	Yes	Yes	Yes	Yes	Yes

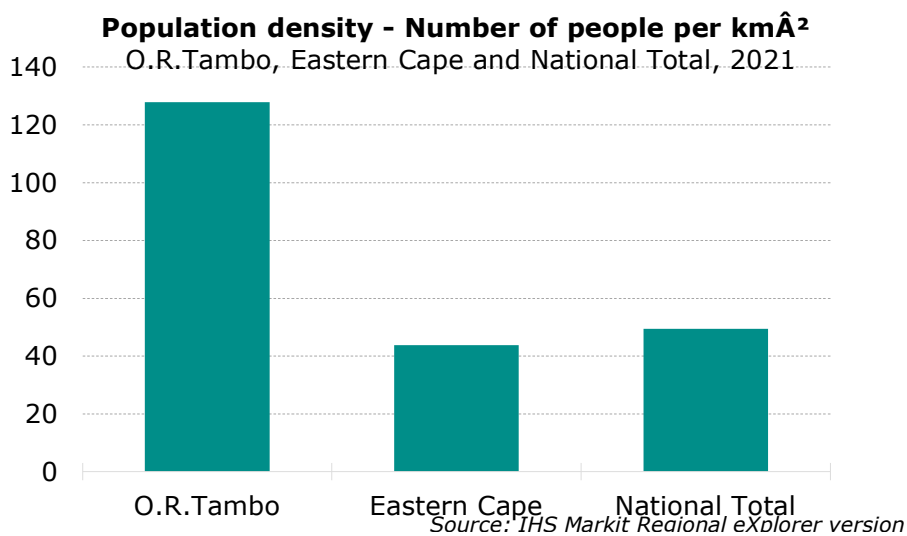
1.2.2 Population Overview

O.R Tambo is the most populous district in the province. It is ranked the fourth most populous district in the country. However, it must be noted that large population size has advantages and disadvantages linked to demand- and supply-side effects of demographic changes.

1.2.2.1 Population density

Using population density instead of the actual number provides a basis of comparison between these different places. ORTDM is relatively densely populated compared to most rural municipalities. A higher population density has an impact on household infrastructure provision, quality of services and access to resources (medical care, schools, sewage treatment, community centres, etc.). A high population density also has advantages (easy provision of basic services, economy of scale, infrastructure network and so on) and disadvantages (like congestion and loss of “green-belt” land).

Figure 1: Population Density



In 2021, with an average of 128 people per square kilometre, O.R. Tambo District Municipality had a higher population density than Eastern Cape (43.8 people per square kilometre). Compared to South Africa (49.4 per square kilometre) it can be seen that there are more people living per square kilometre in O.R. Tambo District Municipality than in South Africa.

1.2.2.2 Households

A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own. An individual is considered part of a household if he/she spends at least four nights a week within the household. To categorise a household according to population group, the population group to which the head of the household belongs, is used.

O.R. Tambo District Municipality had a total number of 15 700 (4.65% of total households) very formal dwelling units, a total of 114 000 (33.77% of total households) formal dwelling units and a total number of 32 900 (9.75% of total households) informal dwelling units.

The region within the O.R. Tambo District Municipality with the highest number of very formal dwelling units is the King Sabata Dalindyebo Local Municipality with 14 000 or a share of 89.03% of the total very formal dwelling units within O.R. Tambo District Municipality. The region with the lowest number of very formal dwelling units is the Nyandeni Local Municipality with a total of 314 or a share of 2.00% of the total very formal dwelling units within O.R. Tambo District Municipality.

1.2.2.3 Socio Economic Status

The dependency ratio is the ratio between the number of dependents, aged 0-14 years and those over the age of 65 years, to the total population aged 15-64, The high number of children in the district leads to high levels of dependency. A high dependency ratio means few breadwinners, a small number of taxpayers and a small proportion of the population who are productive – but a high reliance on the fiscus.

In 2019, the dependency ratio for the district was 72.97% compared to 80.5% in 2009, this indicates an increase in the economically active population, and however despite the decrease in the dependency ratio for the district, it is still higher than that of the province. At the Local Municipality level, King Sabatha Dalindyebo as the only local municipality with a dependency ration lower than that of the district and the province. In 2019, Port St Johns and Ingquza Hill recorded the highest dependency ratios.

1.3 Service Delivery Overview

The overall institutional performance reflects 101 targets set for the institution across all the Key Performance Areas, of which 74 are reported to be achieved with 27 not achieved. This brings the overall institutional performance to **73%** for the financial year under review. The performance of the institution has increased by 9% from that of the previous financial year which was 64%. The charts below give details of performance in the municipality including performance per key performance area as well as departmental performance.

Figure 2: Institutional Performance

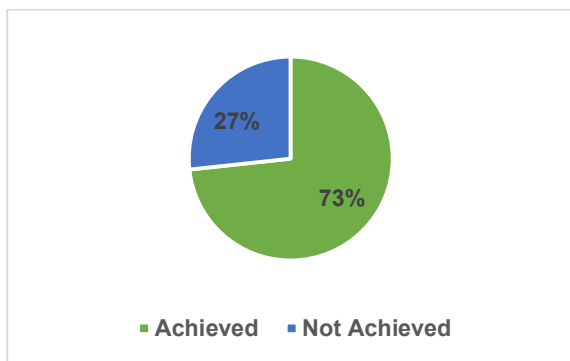


Figure 3: Institutional Performance per KPA

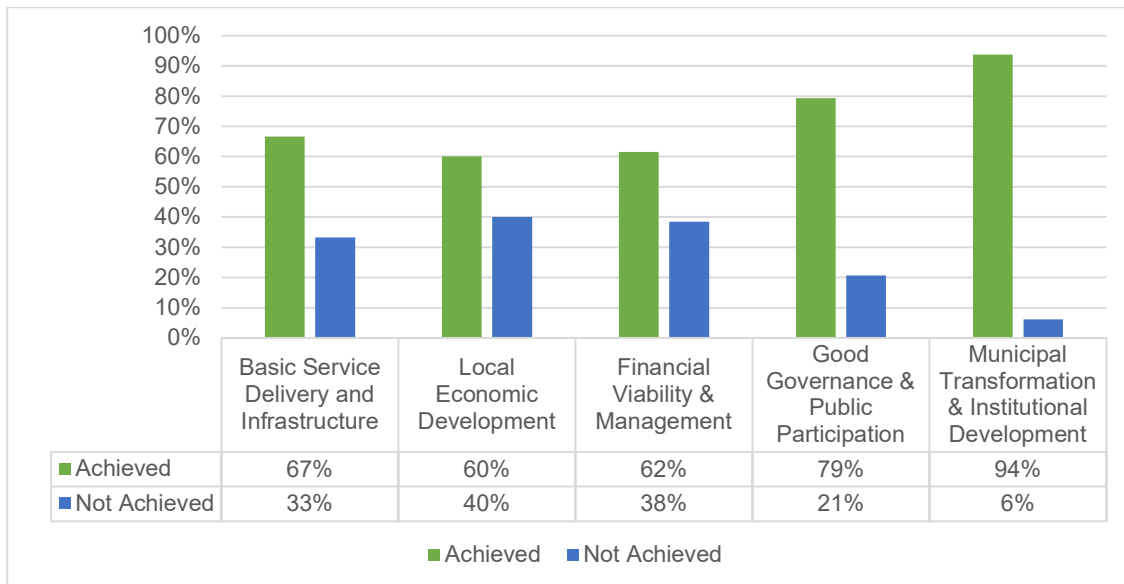
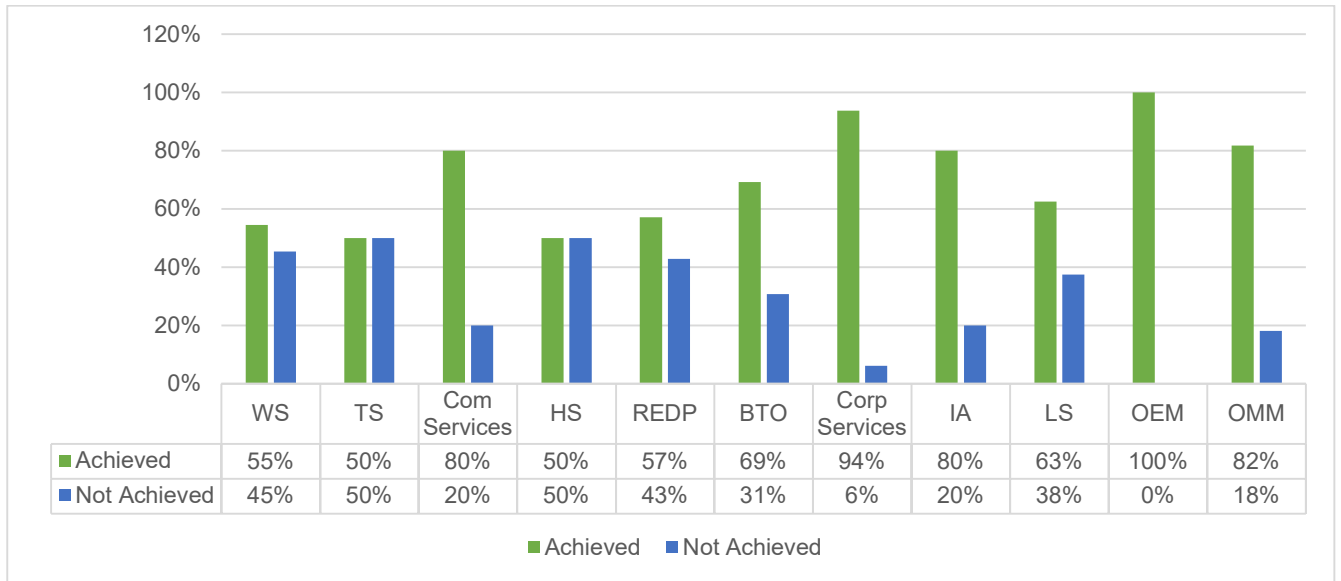
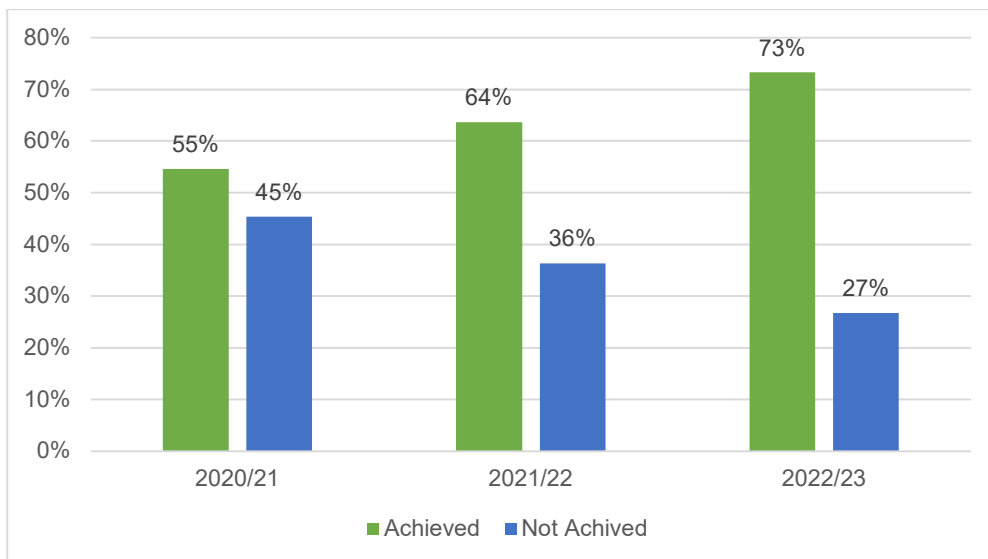


Figure 4: Institutional Performance per Department



The district continues to strive to improve its performance each financial year through improving institutional processes, employment of skilled personnel in key positions and capacitation of employees. The district managed to improve its performance from the previous financial year.

Figure 5: Institutional Performance for the past 3 years



The district has done well compared to the two prior years. Even though that is the case, there are areas where the district can improve in delivering its services.

1.4 Financial Health Overview

Although the OR Tambo DM's liquidity status has improved from the prior years, it is still not at a desired level as the current ratio of 1:1 is lower than the norm of 2:1 as prescribed by MFMA circular 71. The cash cost coverage ratio was 3 months at the end of the financial year and this is within the required norm of 1 – 3 months. The cost coverage ratio of three months means that the municipality has enough funds to cover its operational costs for a period of at least three months.

It is also important to note that the National Treasury has rejected the application for roll-over of all unspent grants amounting to R111 million.

1.5 Organisational Development Overview

The Corporate Services Department has ensured compliance in the implementation of the Local Government: Municipal Staff Regulations promulgated by the Minister of Cooperative Governance and Traditional Affairs in September 2021, which is now embed to the organisational Structure from Senior to lower-level management. As the district we are proud to mention that even though the organisational structure has not been reviewed since year 2014, the management and the leadership of O.R Tambo District Municipality has taken a conscious decision by reviewing the organisational structure in line with Local Government: Municipal staff regulations and the Institutional Development Plan adopted by the municipality and there is no doubt that the new structure will impact positively to the vision and operations of the municipality. The district will ensure that implementation of its organisational structure is in line with the provisions of the Local Government: municipal staff regulations as well as the number of corporate services policies, which were developed/reviewed.

The district has continued to be stable in terms of its Senior Management/Section 54 and 56 Managers. All senior management vacancies have been filled where there was a vacancy during the year an acting appointment was affected immediately by the council. There are 1332 employees in total, with 50 labour turnover and 828 vacancies. The municipality maintained its prioritisation of service delivery departments for recruitment purposes.

Human resources Development has re-focused its priorities on training to consider four major areas being: Water, Wastewater & Reticulation Level 2 to 3; Firefighting and rescue services; Information, Communication and Technology; as well as Councillor capacity building

programmes. This scope of prioritisation is linked to ensuring that the municipality excels in its functions.

The district has also strengthened the functioning of internal committees such as Skills Development & Employment Equity Committee as well as the District Job Evaluation Committee. The district is also contributing effectively even to the Provincial Forums in representation of the district mandates in each field of work.

The department has reviewed the Individual Performance Management Policy that will guide the implementation as envisaged in Chapter 2 and 3 of the Local Government: Municipal Staff Regulations.

To improve labour peace in the institution, the Local Labour Forum has been strengthened by the formulation of LLF sub-committees; these committees are Conditions of Services, Skills development, Employment Equity and Restructuring. The district has capacitated the Local Labour Forum with additional members of management to serve in the forum. This continues to be an integral part of the engagement and negotiations between organised labour and employer to discuss strategic matters of the municipality including policy direction.

1.6 Auditor General Report

During the 2021/22 financial year, the Municipality received a Qualified Audit Opinion from the AGSA with five qualification items. The qualification items were Capital Commitments, Property plant and equipment, Pre-payments, Employee cost and Fruitless and wasteful Expenditure. The qualification on Commitments was based on the retention which was incorrectly calculated and the cut -off issues, restatement of the prior year balance was not done on pre-payments and on Employee costs. The total amount that was paid to employees for Covid 19 was not disclosed as Fruitless and Wasteful expenditure The findings raised were as follows:

- Lack of systems and processes in place at the municipality to ensure that commitments are correctly disclosed. A restatement was made to rectify the prior year misstatement, but some errors were note on the calculation of retention.
- The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. Infrastructure assets that were

not completed (Infrastructure WIP) were incorrectly disclosed as completed infrastructure. The infrastructure assets were overstated and the WIP register was understated.

- The municipality incorrectly paid the covid-19 danger allowance to its employees who worked during the national lockdown using the leave encashment formula instead of using the approved standby allowance formula and no restatements were made in 2021/22 financial year.
- The municipality did not have a system in place to account for prepayments made for the year and the previous year and no restatements were made in 2021/22 financial year.
- The Covid-19 danger allowance paid to the Municipal employees who worked during the national lockdown was not disclosed under fruitless and wasteful expenditure.
- The Municipality is not implementing the designed controls in place.

Despite the Municipality having not received the unqualified audit outcome or clean audit in the 2021/22 financial year, the Municipality improved compared in the previous financial year (as there were six qualification items) considering that there were only five qualification items.

1.6.1 Steps Taken to Correct the Situation (Improve Audit Outcomes)

- The Municipality developed Management Audit Action Plan having implemented only 50% of the actions and 50% targeted to be implemented during the Annual Financial Statements and Annual Performance Report preparation as the Audit report.
- The municipality is still in the process of cleaning the infrastructure asset register by transferring completed projects to the infrastructure asset register and updating both the WIP and commitments register. Physical verification has been conducted.
- Supporting documents for completed projects that were to be transferred to the infrastructure asset register have been obtained.
- Conditional assessment of projects to be impaired is being conducted.

However, the municipality is not only focusing on the five qualifications but also tried to resolve findings that were raised under emphasis of matter.

1.7 Statutory Annual Report Process

Table 2: Annual Report Process

No	Activity	Timeframe
1	Consideration of next year's financial Budget and IDP Process Plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure the reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In year financial reporting)	
3.	Finalise the 4 th quarter report for previous year	
4.	Submit draft year 2022- 2023 Annual Report	
5.	Municipal entities submit draft annual reports to MM	
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
7	Mayor tables the unaudited Annual Report to Council	
8.	Municipality submits Draft Annual Report including Annual Financial Statements and Annual Performance Report to Auditor General	
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
10.	Auditor General audits Annual Report including Annual Financial Statements and Annual Performance Report	September-October
11.	Municipalities receive and start to address the Auditor General's comments	November
12	Mayor tables Final Audited Annual Report and Audited Annual Financial Statements to Council, complete with the Auditor General's Report	
13	Audited Annual Report is made public and representation is invited	
14	Oversight committee assesses Annual Report	
15	Council adopts oversight report	
16	Oversight report is made public	December
17	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Report to be used as input	January

CHAPTER 2 – GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURE

2.1 Political Governance

The O.R. Tambo District Municipality Council's primary role is to oversight the functions, programmes, and the management of administration in a political sphere. All powers of local government are vested in the municipal council. The council has powers to develop policies and by-laws as guided by the legislative authority and the executive authority implement those policies and by-laws. The Council of O.R. Tambo District Municipality adopted a Separation of Powers Model. Under this is model there is a legislative arm as led by the Speaker and the Executive side as led by the Executive Mayor.

The legislative arm of council constitutes committees which are established in terms of the Local Government Municipal Structures Act No. 117 of 1998 under section 79. These committees are Section 79 Standing Committees and Section 79 Portfolio Committees. Their function is to play an oversight role over an Executive arm to ensure accountability and to improve service delivery. The existing council was inaugurated on the 1 December 2021 for the term of 2021/2026 and the following members were appointed:

1. Cllr N. Y. Capa was appointed as the Speaker of the Council
2. Cllr M. D. Ngqondwana was appointed as the Executive Mayor,
3. Cllr T. Sokanyile as the Deputy Executive Mayor,
4. Cllr N. Ngqongwa was appointed as the Chief Whip.

The council delegated the Speaker to appoint Section 79 Committee Chairpersons and their committee members as per the Municipal Oversight Model. In the current financial year 2023/24 the council held successfully 13 Council meetings that consist of nine (9) Special Council Meetings and four (4) Ordinary Council meeting as per Local Government Municipal Structures Act, No.117 of 1998 under Section 29.

The core mandate of the Legislative Arm of Council is to focus on the following areas:

- Accountability, Oversight and Scrutiny
- Strengthen capacity of the Legislative Arm of Council

- Public Participation to safeguard local democratic processes
- Monitoring and evaluation, and
- Sound Financial Management.

2.1.1 Council Composition

In terms of Local Government: Municipal Structures Act No. 117 of 1998 under Section 12 the O.R. Tambo is a category C municipality. There are **59** Councillors representing various political parties as presented in the table below:

Table 3: O.R. Tambo District Municipality Composition of Council (2021//26 Council Term)

Party	Total No. of Cllrs	Part-Time Cllrs	Full-Time Cllrs	Number of Female Cllrs
ANC	40	25	24	23
EFF	06	04	02	01
UDM	05	03	02	01
ATM	03	02	1	-
DA	02	01	01	01
INDEPENDENT	02	02	-	-
AIC	01	01	-	-

Table 4: O.R. Tambo District Municipality Local Municipal Councillors

Local Municipality	No. of Councillors	No. of Males	No. of Females
King Sabata Dalindyebo (KSD)	12	08	04
Nyandeni	7	03	04
Port St John's	3	02	01
Ingquza Hill	7	01	06
Mhlontlo	5	03	02

2.1.2 Councillor Resignations, Replacements and Vacancies in 2022/23 Financial year

During the 2022/23 financial year three vacancies were filled by Cllr. Socikwa Y, Cllr Cwecwe N. and Cllr Mbunjana to replace deceased members and Cllr. Tshoto G was also deployed after the resignation of Cllr Zozi on the 31 May 2023. Cllr Madolo resigned as the councillor of O.R. Tambo District Municipality on the 30 June 2023 consequently there is an unfilled position in the council.

2.1.3 Political Decision Making

The council adopted a municipal oversight model to strengthen its functionality. On the 21 of December 2021 the council also adopted the reviewed standing orders and political delegation framework. The Council Structure is demonstrated in *Figure 6* below:

2.1.4 Political Governance

Figure 6: Council Structure



2.1.4.1 Participation of Traditional Leaders in Council

The Local government: Municipal Structures Act 117 of 1998 in Schedule 6 of Section 81(1) (B) stipulate the MEC for local government in the province must request house of traditional leaders to recommend which leaders of that traditional authority can be identified for purposes of Section 81

In response to the above-mentioned Act, amongst the 59 Councillors of the District Mutuality there are 12 Traditional Leaders who were deployed on the 24th of August 2016 to be part of the council, and they also form part in all Section 79 Council Committees (Standing and Oversight Portfolio Committees).

2.2 Administrative Governance

Local Government: Municipal Finance Management Act No. 56 of 2003 under Section 60 (a) and (b) states that The Municipal Manager of the municipality is the accounting officer of the municipality for the purposes of this Act, and as Accounting Officer must provide guidance on compliance with this Act to political structures, political office-bearers and officials of the municipality and any municipal entity under the sole or shared control of the district municipality.

The municipal council reviewed and adopted organisational structure, four positions of section 56 and 54 managers were filled.

The municipality's administration continues to earnestly serve its mandate for developmental local government. There are 6 directors who were appointed in accordance with the approved MARCO structure as adopted by council on the 31 May 2022. Directors were appointed to serve in the following departments:

- Infrastructure, Water and Sanitation
- Community Services
- Rural Economic Development and Planning
- Budget and Treasury
- Corporate Services; and
- Strategic Planning & Governance

2.2.1 Current Senior Management

The table contains the list of Senior management and their respective departments:

Figure 7: **Senior Management**

No.	Departments	Directors
1.	Municipal Manager	Mr. B. Mase
2.	Chief Financial Officer	Mr. S. Ndakisa
3.	Infrastructure Water and Sanitation	Mr. S. Gqiba
4.	Strategic Planning & Governance	Mr. B.B. Matomela
5.	REDP	Dr. V. Nkohla
6.	Community Services	Mr. L. Madzidzela
7.	Corporate Services	Mr. L. Nombasa
8.	Chief Executive Audit	Vacant

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 Intergovernmental Relations

The DM has established Intergovernmental Relations Unit in the Department of Strategic Planning and Governance its existence is guided by the policy framework approved by council. In terms of Intergovernmental Relations Framework Act No. 13 of 2005 under Section 24 there is a district Intergovernmental Forum to promote and facilitate intergovernmental relations between a district municipality and the local municipality.

Intergovernmental Relations Framework Act No. 13 of 2005 under section 26 (1) (g) indicates that the role of the district IGR Forum is the coordination and alignment of the strategic and performance plans and priorities, objectives, and strategies of the municipalities in the district.

The Political instability in the municipality during previous financial year (2022/23) had a negative impact on the effectiveness of IGR structure and its functionality in the district.

Key anchors of driving the coordination included the District Development Model (DDM) and IDP Representative Form to ensure the interface between the District, the Province and National (PFC, MUNIMEC etc.)

The function of all IGR structures in the district declined over years whilst there was institutional instability. The interface was limited at only provincial structures through: -

- **Premiers Coordinating Forum (PCF):** the Premier and all the members of the Executive Council (MECs) in the province chair the forum. Participating and being members of the PCF are the entire district Mayors and Municipal Managers.
- **Premiers Coordinating Forum Technical Support Group (TSG):** The TSG is the technical structure wherein the Director General of the province with all heads of departments and heads of state entities as well as Municipal Managers of the districts. The TSG provide technical support to the PCF and it makes the necessary administrative arrangements.
- **MUNIMEC:** This is the forum for wherein the MEC for Cooperative Governance and Traditional Affairs interface with all municipalities of the province at the level of Mayors

and Municipal Managers. The intention of the MUNIMEC is to coordinate, guide and deliberate on matters of service delivery in the province.

- **Technical MUNIMEC:** The Technical MUNIMEC is the administrative forum wherein the Head of COGTA, all heads of department and state entities as well as municipal managers prepares for the political MUNIMEC and provide guidance and support.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 Public Meetings

The Local Government: Municipal Systems Act No. 32 of 2000 under Section 16 requires that ORTDM fulfils the objectives of local government by ensuring that it inculcates public accountability and participation. In its operations, it ensures that there are proper engagements through public meetings taking place in various platforms.

The ORTDM Council from time to time as guided by the legislation advertises the siting of open council specifically when tabling documents that also requires knowledge of the public as per the Local Government: Municipal Systems Act No. 32 of 2000. The open council meetings are convened quarterly. The Speaker of the Council and Chief whip convenes community outreaches as a link between the district municipality, local municipality as well as ward committee members across the district.

The ward committee structures are established in all wards to ensure coordination and flow of information to members of the community and receive feedbacks by holding meetings on monthly basis to consider reports from the council meeting. The ward committee is the extended structure of the council, it is a platform that is used to disseminate information to communities.

The traditional leaders in Council who also represent various traditional Councils also ensures clear accountability and adherence to legislation as well as communicating the interests of the community members. There are also Moral Regeneration Movement structures amalgamated in various stakeholders across the district to revive values, morals and condemn social ills in the society. Their effort is to ensure that there is a conducive environment that for government to implement the intended objectives with no hindrance.

Apart from the open council and outreaches, the Executive Mayor also convene imbizo's. These are platforms of engagements and reaching out to communities. The purpose of these outreach is to obtain feedback from communities about their satisfaction of service delivery and attend to their challenges. Issues emanating from the imbizo's are consolidated and form part of the municipal planning information. IDP and Budget roadshows are part of community engagements. These outreaches are institutionalised in the plan of the District Municipality in order for communities to understand the services that are offered by the municipality to contribute in prioritising the implementation of service delivery. The IDP roadshows are complemented by the IDP representative forums which are convened throughout the IDP development process where stakeholders and members of community are given an opportunity to participate in the planning process.

2.5 IDP Participation and Alignment

The ORTDM coordinates planning across the district and vertically with sector departments. It performs the strategic planning functions under the Strategic Planning & Governance. In executing the work related to planning, OR Tambo district municipality continue to comply with the prescribed legislation in developing IDP. During the year under audit, the council adopted an IDP encapsulating all processes as guided by the IDP Policy framework/Process plan.

The adopted IDP is complimented by the approved Service Delivery and Budget Implementation Plans (SDBIP) which guides the implementation of the IDP to promote reporting and accountability.

It must be noted that the year under audit is marked with critical milestone of the District Development Model. The District Development Model (DDM) is one of the strategic approaches that necessitates government to strengthen alignment of planning and programme/project implementation. This model was introduced as a national approach, wherein ORTDM was identified as one of the pilot sites for implementation, subsequently it was launched by the President in Lusikisiki, Ingquza Hill Local Municipality on the 17 September 2019. Ideally the model has established **District Hub** that embodied **One Plan** of government to express the short term, medium term, and long-term development objectives of national, provincial and local government in the geographic boundaries of the district.

In October 2020, the O.R. Tambo DDM Hub was launched by the Minister of Cooperative Governance and Traditional Affairs Dr. Nkosazana Dlamini-Zuma. This gave enormous confidence to the district as ministerial support coincided with the commencement of One Plan development. As a result, stakeholders in the national, provincial government, local political and administrative leadership as well as local business organisations have expressed their support for this plan. The key success of this plan is to ensure collaboration among all spheres of government through joint planning, budgeting, and execution of development towards the One district One Plan and One Budget. Government administrative support was also introduced in the session at Port St Johns Local Municipality strategic planning session on the 15th of March 2021, Avril Williamson, Director General of the Department of Cooperative Governance and Traditional Affairs (COGTA), confirmed the institutionalisation of long-range planning in the development of Port St Johns as part of a new coastal city. The One Plan provides the guidance and direction that is required to move towards the desired future vision of developing a coastal smart city anchored by a thriving ocean and agricultural economy as the district of O.R. Tambo.

The Deputy President undertook a two-day District Development Model (DDM) oversight visit to the Eastern Cape Province and Metropolitan Municipality respectively on 26 and 27 May 2023. The focus area in the O.R. Tambo District and East London in the Buffalo City. This visit aimed at tracking progress on the DDM since its implementation in the year 2019 by the President, as well as fast-tracking the roll-out of work relating to this model in collaboration with local businesses. This is in line with the Deputy President's delegations, coupled with commitments made during Parliamentary sessions to visit all provinces where the DDM model was being piloted.

The focus of the visit was as follows:

- Engage the business sector on the implementation of the District Development Model in OR Tambo District Municipality and Buffalo City Metropolitan Municipality.
- Provide feedback to the community of Lusikisiki on government interventions in the fight against gender-based violence and femicide.
- Meet and greet the King of the AmaRharhabe Kingdom.
- Provide an update on the implementation of commitments that were made during the former Deputy President's visit to Ncerha Macadamia Farming Initiative in 2018, and also on government efforts in the upliftment of the community of Ncerha.

Emerging issues that require attention were identified, among which was a need for assisting municipalities with lobbying for funding through some form of DDM approach, a need for dedicated investment attraction drive, strengthened partnerships with EU, UNDP, DFIs, investors underpinned and cemented on DDM 2050 Vision and One Plans. A need for DDM Legislation which will work as an enabler for DDM implementation and to fast track the gazetting of Section 47 DDM Regulations. A need to calibrate and attune People Development, GBVF, Skills Development, Building and Reinforcing Resilience and Environmental Sustainability; Governance, Finance and Administration Pillars was identified.

Whilst there are generally positive improvements in relation to planning and programme alignment some sector departments lack the understanding of the IDP processes though participation has improved. It can further be highlighted that the existing relationship and alignment between the DM and the LM on IDP processes has also improved

COMPONENT D: CORPORATE GOVERNANCE

2.6 Risk Monitoring and Risk Reporting

O.R. Tambo District Municipality's council monitors risk through the risk management unit and risk management committee. The Committee plays an oversight role to ensure that there is an effective risk management process and system within the organization. The Risk Management Committee reports to the Audit Committee which in turn recommends to Council risk strategies and policies that need to be set, implemented and monitored. This approach provides technical assistance to the Council to exercise its role in ensuring that an adequate and effective risk management system and process is in place.

With the technical support from the Risk Management Unit O.R. Tambo District Municipality identifies risk areas that are managed systematically and continuously. The municipality has a strategic risk register in place which is treated as a working risk management document of which the identified risks are constantly recorded and properly managed. The municipality's Senior Management monitors and evaluates the implementation and efficiency of management's controls and such actions identified to improve current controls in the strategic risk register. During the 2022/23 financial year a strategic risk assessment was performed by management and the strategic risk register was updated quarterly.

2.7 Anti-corruption and Fraud

The council of O.R. Tambo District Municipality is committed to the highest possible standards of openness, probity and accountability and recognizes that the electorate needs to have confidence in those that are responsible for the delivery of services. A fraudulent or corrupt act can impact on public confidence in the Council and damage both its reputation and image.

Fraudulent and corrupt practices undermine the basic values and principles governing public administration and any criminal and other irregular conduct are detrimental to good, effective, accountable and transparent governance and can hamper the service delivery capacity of the Municipality. Procedures are provided in terms of which employees and councillors may without fear of reprisals, disclose information relating to suspected or alleged criminal or other irregular conduct. Policies and strategies are in place setting out the Council's approach and commitment to the prevention, deterrent and detection of fraud and corruption

A policy on declaration of conflict of interest by staff is in place. Incidents of suspected corruption are reported via the Presidential Hotline. Over the year under review the municipality initiated the processes for the development of its fraud hotline. Already the district had conceptualised the approach, developed specification and advertised the tender for the independent provider to manage, monitor, report and investigate fraudulent matters reported to the hotline. It has been unfortunately that the municipality hadn't been able to receive suitable qualified bidders and as such this is still pending. Further to the reflected processes, the municipality had also executed the followings: -

- Fraud awareness sessions have been held with staff across the departments who are by nature prone to fraud such as SCM, HR; Human settlements and Community services. A plan for fraud prevention has been developed.
- Workshop on the policies have been conducted
- The risk management unit is working with labour relations to ensure that staff has signed the code of conduct.

The institution has an internal audit unit who on an annual basis conduct annual audit awareness in areas of high risks.

2.8 Supply Chain Management

There are serious staff capacity issues that have led to the SCM unit unable to adhere to the strict internal controls. The procurement plans and service delivery budget and implementation plans are not followed by departments and programs are implemented in a haphazard way thus making it difficult to follow appropriate timelines in the whole value chain.

Contracts management is also a serious problem as it is scattered in all the various departments of the municipality and the SCM unit is sometimes not aware of other contracts that are entered into by the municipality.

There are instances where regulation 36 deviations are initiated and approved without the indulgence of the SCM unit to check if it meets all the requirements and these end up being irregular in nature.

Despite the above challenges there have been several improvement initiatives undertaken within the procurement function to ensure value-for money, greater efficiency and effectiveness, and reduce fraud and corruption. These include, inter alia, the following:

- Partial write off of previous irregular expenditure after investigation by MPAC
- Appointment of service providers through the use of transversal contracts with the National Treasury.
- Elimination of the use of regulation 32 of the SCM regulations.
- Improvement in the internal controls thus reducing the quantum of year under review irregular expenditure.
- Timeous sitting of bid committees
- Appointment of service providers by means of term contracts.
- Development of a procedure manual to ensure reduction in reduction of irregular expenditure
- Reduction of the use of paragraph 36 in order to ensure proper planning by departments

Table 5: *SCM SWOT Analysis*

Strengths	Weaknesses
<ul style="list-style-type: none"> • SCM Policy reviewed in line with latest legislation and best practices and adopted by Council on the 30 May 2020 • CSD Regulations implemented fully. • Review and update of existing procurement templates, which have standardized the procurement process for quotations and tenders. • There is a procurement plan for capital projects which is the Project Implementation Plan 	<ul style="list-style-type: none"> • Partial implementation of the SCM Policy. • Disjointed committee system • Continuous processing of transaction that leads to irregular expenditure (non-adherence to procurement plans as well as project implementation plans, deviations that do not meet the requirements of Regulation 36). • Lack of SLA for contracts entered to with preferred bidders. • Contract registers not updated regularly and they are not integrated or combined. • Lack of contract management in line with Section 116 of the MFMA (infrastructure projects that are way beyond planned completion periods without any consequence management). • Lack of an automated database system that is linked to CSD and that automatically rotates suppliers of goods and services • Lack of implementation of turnaround time frames for demand management • Inadequate controls with regards to the logistical management (inventory management). • Decentralised stores • Slow process of filling of vacant posts within the SCM Section • Deficiencies in document management with regards to control and safekeeping of bid documents and SCM documents. • The lack of control over SCM activities that are conducted outside of SCM unit. • Lack of proper segregation of duties in the SCM unit due to high vacancy rates. • Lack of an automated system that is linked to other public entities to detect people who are in the service of the state and other related parties doing business with the municipality. • Lack of capacity building for SCM officials due to non-attendance. • Noncompliance to all SCM circulars • Lack of review of the SOP for SCM

Opportunities	Threats
<ul style="list-style-type: none"> • Appointment of service providers through term contracts for recurring expenditure items (rotation to be monitored). • SMME development and targeting through updated PPPFA Regulations. • Intensive use of transversal contracts where these are applicable especially for where the municipality can participate. 	<ul style="list-style-type: none"> • Fiscal dumping from other government institutions • Withholding of grant funding. • Business continuity due to continuous breakages to the server and no proper backup systems to retrieve data.

Remedial action for factors identified above:

- Conduct workshops for SCM policy with municipal officials.
- Implement consequence management in terms of Section 32 of MFMA.
- Strict adherence to the Cost containment regulation and approved policy.
- Procurement of an automated database system that will reduce the manipulation of SCM processes.
- Provision of proper filling rooms and in collaboration with registry department for the provision of document filling.
- Full implementation of demand management turnaround timeframes.
- Regularly update the contract registers and integration.
- Automation of the demand management system or processes.
- Sign SLA's for all contracts to ensure awarded bidders are monitored properly.
- Council to approve budget only when HOD's submit their procurement plans with realistic PIP's.
- Workshopping of the policy to all stakeholders and implement thereafter.
- Management to review the use of Regulation 32.
- Establishment of contract management unit.
- The functionality of all infrastructure projects to be reviewed and a more efficient procurement strategy be adopted to assist the municipality in ensuring that it is able to attract sufficient service providers.
- Council to approve adhoc portfolio committee meetings between budget and treasury and infrastructure to discuss any bottlenecks on stalled projects and identify root causes to clear those soon
- As part of value add, periodically liaise with AG for the review of the procurement made to identify all companies that have close family members through their CAATS systems.
- Fast-tracking of the recruitment process for the filling of vacant posts.
- Introduce purchase requisitions control register for coding of transactions at entry point.
- Introduce Deviations Control Register.
- Introduce tender closing register books.

- Realignment of SCM staff with the SCM structure and SCM processes.
- Introduce bid committee Charters (these will serve as terms of reference for bid committees).
- Introduce Demand planning and expenditure committee (to drive the process of Procurement plans, implementation and subsequent performance)
- Compulsory implementation of SCM Regulation 49.
- Introduce Threshold forms and checklists for all the transactions.
- Introduce preapproved lists of accredited suppliers.
- Compulsory implementation of PPPFA regulation 4 for all procurement
- Centralise all the stores material and only keep only limited inventory off site to ensure that there is no material loss due to pilferages.
- Advise the corporate services unit to consider isolating the server room and or upgrading it to acceptable standards and have external backup systems in order to ensure business continuity.
- Review SOP's for SCM and facilitate that they be signed off by the AO and workshopped to all staff

2.9 By-laws

The ORTDM approved the following by-laws for the betterment of the community within the terms of the legislation as follows:

Table 6: By-Laws

By-laws developed, reviewed and approved during 2022/23 financial year					
Newly Developed	Revised	Public Participation Conducted prior to adoption of By-laws (Yes/No)	Dates of Public Participation	By-laws Gazetted (Yes/No)	Date of Publication
Water Services	Yes	Yes	Not publicised	Not yet	N/A
Municipal Health	Yes	Yes	Not publicised	Not yet	N/A
Fire Services	Yes	Yes	Not publicised	Not yet	N/A

2.10 Website

Section 75 of the Municipal Finance Management Act prescribed for the minimum content that must be displayed on the municipality's websites. The municipality has updated its website to serve as a mode of communication to the district citizens at large on municipal services, functions and duties. The following is a tabulation of the documents published on the website during the financial year:

Table 7: Municipal Website Contents

Municipal Website: Content and Currency of Material		
Documents Published on the Municipal Website	Yes/No	Publishing Date
• Annual budget (2022/23)	No	N/A
• All current budget-related policies	No	N/A
• Budget adjustments and all budget-related documents (2022/23)	No	N/A
• The previous annual report (2022/23)	No	N/A
• The Annual Report (2022/23) to be published	No	N/A
• All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2022/23) and resulting scorecards	No	N/A
• All service delivery agreements (2022/23)	No	N/A
• All long-term borrowing contracts (2022/23)	N/A	N/A
• All supply chain management contracts above a prescribed value R200 000.00 for 2022/23	No	N/A
• An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2022/23.	No	N/A
• Contracts agreed in 2022/23 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
• Public-private partnership agreements referred to in section 120 made in 2022/23	No	N/A
• All quarterly reports tabled in the council in terms of section 52 (d) during 2022/23	No	N/A

2.11 Public Satisfaction with the Municipal Services

The public satisfactory survey planned to be done in the 2022/2023 financial year could not be executed successfully.

Initially the approach of the survey had to be benchmarked from neighbouring municipalities and government entities. One of the entities approached was Eastern Cape Socio Economic Consultative Council (ECSECC). Due to financial constraints the proposed approach by ECSECC could not be implemented in the third quarter, as a result the customer satisfactory survey could not be undertaken in the last quarter as it was evident that a whole financial is required for both the; phase for the facts finding mission, time for the analysis or the information from the respondents and lastly for data analysis as submission of the report to all the various stages before it's approval. Therefore, it was decided that the public satisfactory survey be put on hold until funds are available to source the necessary external skills needed to ensure that the survey can be executed.

2.12 All Municipal Oversight Committees

2.12.1 Oversight Role of Council and Section 79 Committees

The council committees are established in terms of Section 79 of the Municipal Structures Act 117 of 1998 as Standing and Portfolio Committees. Non-executive fulltime councillors chair section 79 Standing Committees and the Section 79 portfolio committees are chaired by non-executive part time chairpersons.

The district municipality has seven Section 79 Standing Committees and eight Section 79 Portfolio Committees, which are managed and coordinated by the Office of the Speaker as per the Separation of Powers Model that was adopted by Council on 6 September 2013.

2.12.2 Governance Framework: Separation of Powers Model (SOP) & Municipal Oversight Model (Mom)

In the with the Separation of Powers Governance Model, adopted by council in September 2013, the council on the 30th of September 2015, adopted a Municipal Oversight Model (MoM) for strengthening the functionality of the Section 79 Portfolio Committees of council established to play an oversight role. The council adopted the Reviewed council standing orders in line with

theafore stated governance frameworks on the 01 December 2021.

Petitions & Public Participation Committee

The Petitions & Public Participation committee is constituted in terms of Section 79 of the Municipal Structures Act 117 of 1998 as a Section 79 Standing Committee of the Council of O.R. Tambo District Municipality. The main objectives of the Petitions & Public Participation Committee entail the following:

- (a) To encourage the involvement of Communities and Community Organisations in the matters of local government.
- (b) The development of systems to monitor and track petitions received in an accurate and effective manner.
- (c) The development of a feedback system for petitions received
- (d) To increase the effectiveness of public participation in the Council.
- (e) To develop and/or update a policy for public participation.
- (f) To diligently perform its power and functions in terms of these terms of reference.

Table 8: Number of Ward Committee Members per LM

Municipality	Number of ward committee
Ingquza Hill LM	320
King Sabatha Dalindyebo LM	370
Mhlontlo LM	260
Nyandeni LM	320
Port St Johns LM	190

The Municipality monitors the functionality of ward committees within the district by using the Ward Committee Monitoring Tool, submitted to the district municipality on a quarterly basis. For 2022-2023 financial year, all local municipalities were submitting reports on ward committee functionality.

Table 9: Section 79 Standing Committees

Section 79 Standing Committee	Chairperson's Name
Rules Committee	Cllr N. Y. Capa
Programming Committee	
Chairperson's Committee	Cllr M.B. Dambuza
Municipal Public Accounts Committee (MPAC)	Cllr N. Dywili
Ethics and Members Interest Committee	Cllr U. Jacob
Multiparty Women's Caucus	Cllr N. Cwecwe
Petitions and Public Participation Committee	Cllr C.S. Tokwana
OCMOL	Vacant

Table 10: Section 79 Portfolio Committees

Section 79 Portfolio Committees Name	Names of Departments Oversighted	Chairperson
Water and Sanitation Services Portfolio Committee	Water and Sanitation Services	Cllr N.P. Ngaxmile
Human Settlement Portfolio Committee	Human Settlement	Cllr V. Ncapayi
Technical Services Portfolio Committee	Technical Services Department	Cllr T. Tshikitshwa
Corporate Services	Corporate Services	Cllr V.B. Zondani
Community Services	Community Services	Vacant
Budget & Treasury Office (BTO)	BTO	Cllr N.L. Vanda
Intergovernmental Relations, Planning, Research and Policy Development	Office of the Municipal Manager	Cllr K. Vava
Special Programs and Social Services Portfolio Committee	Office of the Executive Mayor	Cllr N.P. Matanda
Rural Economic & Development Planning (REDP)	LED, Ntinga Development Agency & Kei Fresh Produce Market	Cllr V.W. Ntshuba

Table 11: S79 Committee Allocations

Committee's Name	No. of Members	ANC	Total Opposition	UDM	DA	ATM	EFF	AIC	INDEPENDENT	TL
Rules Committee	18	09	8	1	1	1	2	1	2	1
Programming Committee	11	6	4	1	1	1	1	-	-	1
Chairperson's Committee	14	14	-	-	-	-	-	-	-	-
MPAC	10	5	4	1	1	1	1	-	-	1
Petitions & Public Participation	10	4	5	1	1	1	1	1	-	1

Committee's Name	No. of Members	ANC	Total Opposition	UDM	DA	ATM	EFF	AIC	INDEPENDENT	TL
Ethics & Members Interest Committee	11	5	5	1	1	1	1	1	-	1
Women's Caucus	26	23	3	-	-	-	2	1	-	1
Water and Sanitation Services	11	5	5	1	1	1	1	-	1	1
Human Settlement	11	6	4	1	1	1	-	1	-	1
BTO	11	5	5	1	1	1	1	-	1	1
IGR, Planning, Research & Policy Development	11	5	5	1	1	1	1	-	1	1
Corporate Services	11	6	4	1	1	1	1	-	-	1
Community Services & Disaster Management	11	5	5	1	1	1	1	-	1	1
Special Programs & Social Services	11	5	5	1	1	1	1	-	1	1
REDP	10	5	4	1	1	1	1	-	-	1
Technical Services	10	5	4	1	1	1	1	-	-	1
OCMOL	11	5	5	1	1	1	1	-	-	1
Local Labour Forum Committee	7									

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

3.1 Water Provision

Water services provision in the Municipality is under the Department of Water and Sanitation Services. This department has a vacancy rate of 28%. Staff compliment as the end of June 2023 for this department is depicted in the table below:

Table 12: Employees - Water & Sanitation

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
772	552	220	28%

Over the financial year 2022-2023, the municipality had implemented projects funded by three national grants as follows:

Table 13: Projects Implemented in 2022/23

Grant	Amount	No of projects / Contracts		
		Planning	Construction	Completed
MIG	R 650 131 000.00	14	67	16
RBIG	R 100 000 000.00	0	9	0
WSIG	R 76 223 000.00	2	13	10

One hundred and thirty-one (131) projects were implemented over the financial year through the three conditional grants. Out of these projects, 14 were completed. The completed projects in 2022/23 financial year were able to connect 1177 households to be served with portable water supply.

Apart from the capital program the municipality continued to maintain, refurbish, upgrade and extend the existing infrastructure to the needy community. This program serves to ensure sustainability and improving the functionality of the existing schemes.

The District Municipality further considered those communities that do not have infrastructure and those affected by drought by providing them with remedial measures that include provisioning of water tanks as well as water carting. Over the year 24 mega litres of water was catered and delivered to communities across the district. The table below illustrates level of access of water

for the district households:

Table 14: Households with access to water services

Category	No. of Households
Proportion of households with access to water points (house connections)	32,211
Proportion of households with access to piped water (inside yard)	33,813
Proportion of households with access to standpipe connection (less than 200m radius)	39 000
Proportion of households receiving 6kl free water	319 385
Proportion of households with no access to piped (tap) water	269,276

In addition to the connections made, the district also managed to refurbish more than fifteen (15) non-working standalone water schemes and refurbished fourteen water treatment plant schemes, and more than 18km of water reticulation was extended in order to improve access of water. Accordingly, about 30 households additionally were given access to water supply. With our District being rural amongst the 335,300 households, more than 319 385 households received access to free basic services of water.

Through the appointment of Lugaju Innovations as a support compliance laboratory, the District has been improving its water quality. Chemical compliance for year under review have been on average of 99% and physical compliance of not less than 84% with notable challenges of microbiological compliance which was 93% due to ageing infrastructure at the works and deteriorated raw water quality. Lugaju Innovations contract also included training of the Process Controllers to meet the required classification levels.

The challenges that were experienced during the financial year that impacted badly to project implementation to mention but few evocation of Section 216 resulting to suspension of works by the Contractors, disruption of construction by communities including local contractor forums. Given these challenges the district spending on grants had a slight decrease from 75% to & 73% for the year under review. Other challenges experienced by the district were unaccounted water and losses due high level of illegal/unauthorized connections as well as lack of metering for the water provided to rural areas.

3.2 Wastewater (Sanitation) Provision

The sanitation provision within the district is compounded by the fact that our district is rural in nature and over 80% of our district population depends on pit latrine, chemical toilets and bucket system. For the year under review, the district has provided ventilated improvement pit to 2133 households. Moreover, the district municipality is faced with a challenge of VIP toilets and pit latrines which are full and pose a health risk and pollution of the receiving body. In this regard the district municipality has embarked in a pilot programme of removing the sludge in the areas affected. Through this programme though is continuing to be piloted the municipality managed to empty 1798 toilets during the year under review.

The major achievement in waterborne sanitation is the progress to advertisement stage for Qumbu WWTW, detailed design stage for Flagstaff Sewers Phase 2, design stage for PSJ WWTW and reticulation, Libode phase 2 reticulation network while Lusikisiki sewerage upgrade with three contracts and Tsolo Sewer upgrade projects are under construction already.

Table 15: Sanitation level of service per local municipality

Local Municipality	Above & at Minimum Service Level		Below Minimum Service Level			Total
	Flush Toilet	Ventilated Improved Pit (VIP)	Pit Toilet	Informal Systems	No Toilet	
King Sabata Dalindyebo (KSD)	34 000	64 045	16 600	606	6 660	1 22 000
Ingquza Hill	6 870	44 400	11 200	1 100	2 800	53 200
Port St Johns	8 530	15 849	6 100	590	5 200	34 900
Nyandeni	6 380	51590	6 900	313	4 200	59100
Mhlontlo	4 720	27874	11 800	156	3 730	46 100
Total	60 527	203 758	52 666	2 768	22 590	335 091
Sub Total Above / Below Minimum Service Level	264 285		78 024			

3.3 Electricity

The district plays a coordinating role in this sector. The municipality is a coordinator of the district electricity forum where all stakeholders that include local municipalities, National Department of energy as well as Eskom participate.

The Local Municipality King Sabata Dalindyebo has a distribution licence for electricity (Mtiza), other municipalities are solely dependent on Eskom for electricity services in their jurisdiction. This area still needs improvement as owning a distribution licence can assist in the enhancement of revenue.

3.4 Environmental Management and Waste Management

The White Paper on Environmental Management Policy emphasizes the need for implementing an effective information management system that makes environmental information accessible to all interested and affected parties responsible for and/or interested in effective environmental management. In this regard, the O.R. Tambo DM in the 2019/20 financial year appointed a service provider to review its Integrated Waste Management Plan, Environmental Management Plan (EMP), and Air Quality Management Plan, which provides a baseline assessment of the main environmental issues and challenges facing the district.

Based on the information obtained from the reviewed sector plans, the District Environmental Management Section has managed to prioritize programs and develop appropriate action plans. Based on the information obtained from the reviewed sector plans, the District Environmental Management Section has managed to prioritize programs and develop appropriate action plans and sector plans to respond to the most pressing and threatening issues of environmental management.

One of the most prioritised projects is the implementation of the Regional Recycling Program as a tool to face the waste management challenge that the district is facing. This program is emanating from Part B of Schedule 5 of the Constitution which places overall waste management, refuse removal and cleansing as a function of municipalities. National Environmental Management: Waste Act, 59 of 2008 ("NEMWA), which is the primary legislation regulating waste in South Africa and National Waste Management Strategy mandates the district municipalities to

develop Integrated Waste Management Plan (IWMP) as a guiding municipal policy to deal with all the waste related issues within its jurisdiction.

The ORTDM planned a number of programs for the 2022/23 financial year on environmental education. The purpose of the environmental education program is to disseminate environmental information on how to manage the environment and deal with environmental challenges. The program incorporates both theory and practical. In addition to environmental education is the Greenest Municipality Competition that starts from the district, provincial and ends nationally. This competition takes place on an annual basis and the district has conducted at least ten competitions until this year.

Summary Plans

- All of these plans have been reviewed, completed and awaiting to be presented to council for approval.
- AQMP- The district has managed to finish the draft and it is awaiting for council adoption, provincial approval and implementation.
- IWMP – has been reviewed, awaiting for council adoption and DEDEAT approval thus implementation of projects will be presented to the Waste Forum quarterly (EQM)
- EMP- has been reviewed, the district is currently on a draft Environmental Management Plan.
- Biodiversity Sector Plan –The district is sitting with Draft Biodiversity sector plan awaiting for council adoption, provincial approval and gazetting.

Overall Environmental Governance

Through this pillar, the district has managed to establish and monitor about 12 environmental **clubs** throughout the district in all local municipalities in partnership with DEDEAT, DFFE and other stakeholders, O.R Tambo has managed to host and form part of the Welands day Celebrations, Cleaning campaigns and World Environmental Day throughout the district. The list of the environmental clubs monitored during the 2022/23 FY is as follows: -

- i. Reuben Ntuli S.S.S under Mhlontlo LM
- ii. Bele J.S.S under Mhlontlo LM
- iii. Lepad S.P.S under Mhlontlo LM

- iv. Poni J.S.S under Nyandeni Local Municipality
- v. Sandi J.S.S under Nyandeni Local Municipality
- vi. Dalisoka S.P.S under Nyandeni Local Municipality
- vii. Mdikane J.S.S under Nyandeni Local Municipality
- viii. Bucula J.S.S under Nyandeni Local Municipality
- ix. Gobinamba S.P.S under Nyandeni Local Municipality
- x. Mthakatyia S.P.S under Nyandeni Local Municipality
- xi. EN Seku S.S.S under King Sabatha Dalindyebo Local Municipality
- xii. Sigoyo J.S.S under King Sabatha Dalindyebo Local Municipality

Environmental Awareness Campaigns

- 1. Wetland day celebration in Ingquza Hill Local Municipality
- 2. World Environmental Day Celebration King Sabata Dalindyebo LM (Xhongorha)
- 3. Annual Cleaning Campaign - Port St Johns LM
- 4. Qumbu Town Cleaning Campaign – Mhlontlo LM

3.4.1 Air Quality Management

Over the last five years, the O.R Tambo DM as mandated by the National Environmental Management: **Air Quality Management Act** of 2004 has amongst other things managed to develop the first generation Air Quality Management Plan that has been endorsed by the council and a designated Air Quality Officer for the district. Several Air Quality related complaints have been attended to in the 2021/2022 financial year.

The section also has held several awareness campaigns together with DEDEAT. The O.R Tambo DM continues to participate fully in the Provincial Environmental Management and **Air Quality officers' forum** that sits quarterly to cascade issues to the province. Further to that the district has undergone benchmarking activity in eThekweni Metropolitan Municipality to learn on issues of air quality monitoring station for the district and equipment that the district can purchase to assist in municipal air quality management.

3.4.2 Waste management

The function of refuse collection from households, waste disposal and street cleaning is done by the Local Municipalities. The O.R. Tambo District Municipality mainly focuses on co-ordination of waste planning and recycling activities in the district. A regional recycling facility through the IWMP has been identified as the major priority program within the district, which is having its own build-up processes. The involvement of communities in recycling through recycling cooperatives is one of the priority programs building up to the establishment of the regional recycling facility as well as creating jobs in the communities.

The O.R Tambo DM in its 2022/23 financial year has managed to continue with the implementation of the **Regional Recycling Project, which** was signed in a three-year term contract. However, 2022/23 was the last year of the tenure of the contract for the Tulsaspark waste processing and transfer. The uniqueness and nature of the project has attracted attention from all districts to replicate the approach. This project has been successfully implemented and now it's operating smoothly. The district over the five-year cycle has managed to review its district Integrated Waste Management Plan (**IWMP**); managed to designate a waste officer; participate in national and provincial waste forums to cascade local waste management issues in 2022/23. The district has in all times successfully implemented the **Greenest Municipality Competition awards**. The District in 2022/23 has given position one to compete in the province and the PSJ Local Municipality managed through the support of the District Managed to get **position six in the provincial awards**. The Port St Johns local municipality has come as number 1 municipality with the cleanest and well managed landfill site within the province.

The largest capital project that has been planned is the regional recycling program, which is at implementation stage. The program has aimed at benefiting more than 500 people with direct and indirect jobs. For now, that program has already employed more than 90 permanent jobs and more than 805 indirect jobs. This is the first project that has produced a convenient, reliable and people centred market for the customers to sell their recyclables. It provided the highest prices for the waste pickers and ensured the upliftment of all O.R Tambo District Waste pickers and the only project that also has supported and captured all the **waste pickers** into the database.

The District has nine licensed landfill sites, with seven (**Qweqwe, Mqanduli, Libode, Qumbu, Tsolo, Flagstaff and Port St Johns**) landfill sites licensed for operation and two (**Lusikisiki and**

Mthatha) landfill sites licensed for closure. All landfill sites except for Libode and Flagstaff have signage, record waste volumes in the entrances, reporting to the Waste Information system and landfilling. However, the biggest challenge for all the O.R Tambo landfill sites is the compliance with the minimum standard conditions for landfill operation as well as compliance with the license conditions. Port St Johns and Qumbu both have material recovery facilities in their landfill sites.

Continued landfill audits and reporting to the waste information system still pose a challenge to all our landfill sites. The District as a form of ensuring extended landfill space has introduced the concept of transfer station facilities and in 2018/19 financial year the district has managed to license for operation at least three transfer station (**Tsolo, Ngqeleni & coffee bay**) which have been converted to Buy-back centers for assisting in the regional recycling program.

Through the Regional Recycling Project, the district has managed to participate in covid-19 relief fund and support at least 100 waste pickers with PPE, working tools and stipend. The district has supplemented all the programs with Personal Protective clothing, more bailing machines, trolleys for all waste pickers within the region, procurement of trucks to assist in recycling across the district. The district has managed to host an investment fair to attract bigger investors to assist the district Regional Recycling with machinery and infrastructure. The district has also forged partnerships with UN, British Commission, UNDP, UNEP and other international organisations to supplement the assistance provided by the district. Through these partnerships the district is currently implementing some of the catalytic projects.

The United Nations Development Organisation partnership has managed to formalize the waste picking industry through registration with the national database and issuing of registration cards to benefit directly from the Extended Responsibility Originations.

3.5 Human Settlements

Human Settlements is the third department with high vacancy rate of 80%. Staff compliment as the end of June 2023 for Human Settlements department is depicted in the table below:

Table 16: Employees – Human Settlements

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
35	7	28	80%

The District Municipality as a sphere of government has a role to play in order to ensure that the right to access to adequate housing is realized on a progressive basis as enshrined in the Constitution of the Republic of South Africa, 1996 and the National Housing Code Policy. The Municipal Structures Act no.117 of 1998 also spells out that a District Municipality is expected to build the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking.

O.R Tambo is a Municipality, which is predominantly rural and is dominated by destitute families who are unable to build their own homes due to various reasons. Among the reasons, the fact that the region is prone to disasters contributes a lot towards having homeless people who are destitute with no means to build their own houses.

It is worth noting that the housing backlog is a moving target due to various reasons like disasters, unemployment, rural set up of the region etc. whereby as the department we: -

- Facilitate and co –ordinate the formulation of needs register for Local Municipalities
- Initiate housing projects in consultation with Local Municipalities
- Co- ordinate, plan and develop sustainable Human Settlements
- Co-ordinate and provide housing in response to emergencies, special cases and disaster victims
- Facilitate and provide temporal shelters in Emergency situations
- Facilitate Informal Settlements Upgrading

3.5.1 Emergency Housing Solutions

The Department of Human Settlements has completed Two hundred and twenty-two (222) housing units within the OR Tambo Region for the 2022/2023 financial year. Two hundred and twenty-two (222) completed housing units were built in different locations listed hereunder: -

Table 17: Completed housing units per LM

Local Municipality	Village	Wards	No of Units completed
Ingquza Local Municipality	Ndimakude, Fleyi,	26,27,28, 32	129
Port St Johns Local Municipality	Sizilo, Kaleni & Gabelana	10	40
Mhlontlo Local Municipality	Maladini	21	53

3.5.2 Social Relief Houses

The district built has assisted 2 vulnerable households from Ingquza Hill Local Municipality at eSiphaqeni and Ndimakude with social relief houses.

3.5.3 Training of PDI contractors

A total of One-Hundred and twenty (120) emerging contractors/ local builders were trained consisting of youth and women. The trainings were held in Port St. Johns Local Municipality ward 10 & 18, Sizilo & Lutshaya Village, KSD LM Ward 15 Baziya Vallage and Mhlontlo Local Municipality. The trainings were conducted in consultation with NHBRC National Home Builders Regulation Council, due to interest shown by emerging contractors and possible registration with NHBRC, which is a requirement to work in low-cost housing projects, the target, was exceeded.

3.5.4 Housing Consumer Education (HSE)

Housing Consumer Education awareness campaigns were conducted in various wards within the district. These are information sharing session aiming at educating communities about different

Human Settlements Programmes, policies, rights and responsibilities, programmes offered by the district and those from the Province and National Departments. The District Municipality has managed to develop information Pamphlets which were then translated into Xhosa language to accommodate all residents. Fourteen (14) distribution of Brochures were distributed in following ward.

Table 18: Wards covered for Consumer Education

Local Municipality	Wards
King Sabata Dalindyebo Municipality	Ward 14 and 34 (distribution of Pamphlets)
Mhlontlo Local Municipality	Ward 21 Maladini and Hukwini,
Port St Johns Local Municipality	Ward 10, 18, 01, 04,
Ingquza Hill Local Municipality	Ward 04, 05, 06 07, 10, 11, and 12

3.5.5 District Human Settlements Strategy

The District Municipality is in a process of reviewing the District Human Settlements Strategy and formation of Housing Chapters for inclusion into the IDP document. It is still at procurement stages as it has been on the advertised numerous times.

3.5.6 National Housing Needs Register (NHNR)

The District Municipality plays a pivotal role in assisting its Local Municipalities in formulating National Housing Needs Register (NHNR). Data captures are capturing the information collected from various wards within the District. The district municipality receives the survey forms from Local Municipalities in batches then the district assists the Local municipalities by capturing the forms to the NHNR. However, the municipality no longer have the data captures that were assisting in this regard.

3.5.7 Human Settlements forum

The Department managed to have two (02) information sharing sittings where all political principals and officials from all LMs and the Provincial Department of Human Settlements met to discuss all human settlements development issues.

3.5.8 Facilitation of Informal Settlements Upgrading

The program is aimed at upgrading informal settlements and the formalisation of shacks into formally established townships. The District Municipality is playing a coordinating role in the upgrading of 13 Informal Settlements in Ingquza Hill local Municipality, Mhontlo Local Municipality, Port St John Municipality and Nyandeni Local Municipality.

3.5.9 Challenges Identified in the Implementation of the 2022/23 SDBIP

- Unavailability of building material as per NHBRC manual halts timeous progress as contractors are, at times, compelled to source material from other provinces.
- The cumbersome tender processes are not conducive to emergency situations and are therefore limiting to the redress and distribution of social relief houses and temporal structures to vulnerable groups.
- Budgetary constraints mean that there will always be an imbalance in terms of supply and demand. The housing backlog is widening instead of narrowing.
- Land invasions Jeopardies the municipal plans and miss use of space for further urban growth and land for human settlements,
- Urbanisation and increasing of informal settlements
- Informal settlements from land invasions demand for unplanned infrastructure services in an unlawful place and with no proper land use management,
- Land claims delays human settlement development,
- Land Availability and land ownership leading to legalities and complexness of land acquisition for human settlements development.

Table 19: Strategies in Place, improvement areas and interventions to challenges identified.

strategies	Improvement areas	Interventions
<ul style="list-style-type: none"> • To facilitate speedy procurement of goods and services 	<ul style="list-style-type: none"> • Record keeping • Meet set timeframes • Constant follow up on requisitions 	<ul style="list-style-type: none"> • Introduce correspondence delivery register. • Monitor budget expenditure • Alignment with district records system

strategies	Improvement areas	Interventions
<ul style="list-style-type: none"> • Improve work conditions for staff 	<ul style="list-style-type: none"> • Conducive office space and tools of trade 	<ul style="list-style-type: none"> • Provisioning of offices with office equipment
<ul style="list-style-type: none"> • Emergency procurement plan 	<ul style="list-style-type: none"> • Emergency procurement arrangements 	<ul style="list-style-type: none"> • Facilitate development of dedicated emergency procurement plan
<ul style="list-style-type: none"> • Building material term contact 	<ul style="list-style-type: none"> • Improve time frames in providing housing for social relief housing projects 	<ul style="list-style-type: none"> • Material will be procured from several service providers and delivery on site for construction of houses

Table 20: Strategies, Projects, Outputs and Impact

Strategies	Projects	Output	Impact
Emergency Housing Provision	Emergency houses & Social Relief construction, Temporary shelters, EPHP Policy formulation	Housing units for the destitute	Improvement on Quality of household life, and restoration of dignity of beneficiaries.
Capacitation of Communities, Youth and Emerging Contractors	Training of Communities, Youth and Emerging Contractors (SMMEs)	Geography of Knowledge production	Improvement on capacity of local contractors
Sustainable Human Settlement Research and planning	Housing Needs Register project (Credible list of potential beneficiaries), Human Settlements Strategy, Champion ISUP, Benchmarking of Alternative building technologies, Township	Human Settlements Strategy, Housing Needs, Informal Settlements upgraded,	Strategic Direction, Planning and funding allocation, viable and Liveable Human Settlements

Strategies	Projects	Output	Impact
	Establishment, and Housing Sector Plan		
Human Settlements Consumer Education	Consumer education workshops	Workshops and Training	Well informed communities, smooth running of projects,

3.6 Free Basic Services and Indigent Support

The O.R. Tambo District Municipality is a predominantly rural municipality and the largest district municipality in South Africa. The district services copious amounts of people, who predominantly live below the bread line. This means that many O.R. Tambo region residents are indigents. Indigents as per Indigent Policy are persons that earn a living wage of R3000 and below. Indigents for the purposes of the policy are exhaustively defined to include members of child-headed households.

The district as a Water Services Authority and Provider, our sole mandate is to make sure that water is provided to O.R. Tambo homeowners. The municipality has developed an Indigent Policy as a guiding document for the provision of free basic services to people.

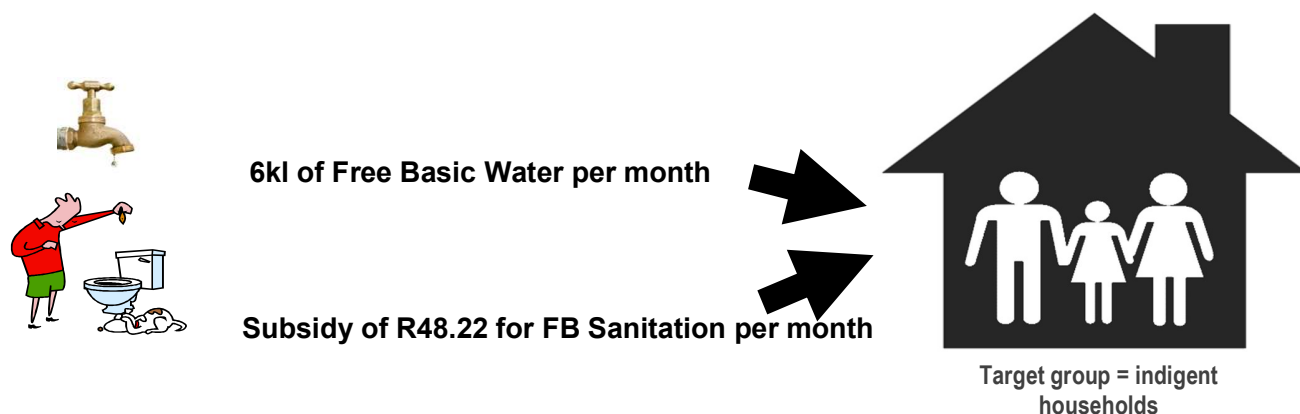
The Constitution of the Republic of South Africa Act, 1996, in the Bill of Rights protects social and economic rights, which include Free Basic Services (FBS). The role of developmental local government in partnership with the other spheres of government, that is, provincial and national, is to ensure the improvement of access of free basic services by the vulnerable groups. FBS are, therefore, a poverty alleviation measure that exists to cushion poor households against vulnerability. Access to these services improve the general well-being of indigent households and improve their health standards and economic circumstances. The implementation of an Indigent Policy becomes a progressive government programme that is critical for social transformation.

The fundamental aim of Indigent Policy is to guide the process of improving access to Free Basic Services by deserving indigent beneficiaries so that their lives can be improved. Establish a way, these residents can be identified and registered in the municipality's indigent register.

The policy also recognizes the need for inter-governmental cooperation to ensure that there is proper coordination in targeting the poor when rolling out these services. The policy should primarily focus on achieving the fundamentals of an efficient and effective Free Basic Services Programme through both the basic alignment of this legislation and the identification of gaps in the current implementation of the Free Basic Services Programme by offering practical solutions to solve these challenges.

The general accepted definition of an indigent are people who, due to a number of factors, are unable to make any monetary contributions towards basic services, no matter how small those amounts. People who earn less than the minimum household joint gross income (two state pension grants), as prescribed by the National Policy from time to time. Indigent refers to those who lack “the necessities of life”.

Households who cannot afford the above are considered to be indigent. At this sphere of government, O.R. Tambo DM is obliged to offer the following services to the indigents:



3.6.1 Free Basic Water – FBW

Each qualified indigent beneficiary/household shall receive subsidy to a maximum of 6 kl (6000 litres of water) per month, including the basic charges for such supply; provided that:

- a) Where the consumption exceeds 6 kl per month the municipality shall be entitled to restrict water supply to the property; and
- Where excessive consumption is partly due to leaking or poor plumbing, the municipality may install a yard connection to the outside of the dwelling and meter the consumption.

3.6.2 Free Basic Sanitation – FBSan.

Each qualified indigent beneficiary/household shall be fully subsidised for sanitation as provided for in the annual budget as determined by the municipality.

COMPONENT B: ROAD TRANSPORT

Within the District the Technical Services department is responsible for roads, transport, buildings as well as the facilitation of electricity within the district. This department is first with high vacancy rate of 84%. Staff compliment as the end of June 2023 for this department is depicted in the table below:

Table 21: Employees – Technical Services

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
63	10	53	84%

3.7 Roads

3.7.1 Quality Road Infrastructure

The district has an obligation of providing infrastructure for non-motorised transport i.e., sidewalks and walkways to promote road safety. In the previous year these could not be attended due to budget constraints.

3.7.2 Rural Road Asset Management Systems (RRAMS)

The Rural Road Asset Management system is a program administered by the Department of Transport which the O.R Tambo District Municipality is a beneficiary of the RRAMS Grant. This Grant is given to the municipality as means of ensuring that the municipality engages in rural road assessments. The RRAMS program is coordinated by a service provider who uses software to assess the sealed and unsealed roads of the district as well as the assets on the roads.

3.8 Transport

The District Municipality has a duty to coordinate the transport sector within the district. This financial year there were budgetary constraints due to the Municipality being placed under section 139 ordinarily the municipality would have engaged in transport road shows and road safety awareness programs however there were no funds available to engage with such programs.

3.9 Buildings Facilities

The district has continued with the maintenance of its own facilities within the limited funding. Most facilities are old and need major repairs as a result the district prioritises the ones that need refurbishment to those that need minor repairs.

Minor repairs are done in the mechanical, electrical, and plumbing trades. These are done through the job cards. Unfortunately, the state of the municipal buildings is dire need of proper care however there are budgetary constraints which hinder the progress of the facilities unit. There are also challenges with the staff compliment.

3.10 Wastewater (Storm water Drainage)

All Local Municipalities in the district takes care of the storm water drainage as they develop their roads infrastructure. The district did not have any programmes or projects to support this service.

COMPONENT C: PLANNING AND DEVELOPMENT

Planning and Local Economic Development in the District is housed under Rural Economic and Development Planning (REDP). The department is the second with high vacancy rate of 77%. Staff compliment as the end of June 2023 for this department is a depicted in the table below:

Table 22: Employees - REDP

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
107	24	83	77%

3.11 Spatial Planning

O.R. Tambo District Municipality's Planning Unit is charged to provide support to local municipalities under its area of jurisdiction with the aim of improving their planning capacities. This support seeks to provide a well-coordinated approach to balance the need for rapid development with orderly sustainable development. The Spatial Planning and Land Use Management Unit assists local municipalities with Town And Regional Planning Services in respect of policy formulation, proper land use development taking into account social, economic, and physical factors, the aim being to establish the basis on which one can create a positive environment for development initiatives; and to ensure sustainable and orderly land utilization and development through the development of Spatial Development Frameworks (Regional, District Municipality, Local Municipality, Local Nodes and corridors), Precinct Plans, Land Use Management Systems etc.

The O.R. Tambo Spatial Development Framework (SDF) was reviewed in the 2017/18 financial year in line with the requirements of the Spatial Planning and Land Use Management Act No.16 of 2013 (SPLUMA). Another minor SDF review was conducted during the 2020/21 financial year to align the ORTDM SDF with newly established District Development Model (DDM), the new National Spatial Development Framework (NSDF) as well as the Integrated Urban Development Framework (2016).

In the 2020/21 financial year the District Municipality took an initiative to assist Local Municipalities (LMs) through the development of Two Policy on Prevention of Land Invasion and Telecommunication Mast Infrastructure Mast Models in-house. The Model policies are meant to assist Local Municipalities that do not have policies in place, or their policies are outdated. LMs are then at liberty to customise the policies to suite their circumstances and adopt them.

Some of the achievements that have been identified through the current O.R. Tambo DM SDF implementation include development of the following sector plans:

- Ntabelanga Dam LSDF
- Laleni Dam LSDF
- Ntlangano LSDF
- Ntlaza Precinct Plan

- Nyandeni Land Use Management Systems
- Mngazana Node LSDF
- Mpande Node LSDF

All Local Municipalities under the District have Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) compliant SDFs, except for the Mhlontlo Local Municipality which has planned to review their SDF in 2023/24 financial year. There is still a challenge regarding to the projects from National Government which tend to have no clear coordinators placed at a District/Regional and or even at a Provincial level, resulting in poor coordination, and alignment. This therefore affects municipalities, as they are unable to properly plan and align their programs to fully benefit from such projects. It is therefore hoped that the effective implementation of the District Development Model will assist to improve coordination and maximise benefits for local communities from those projects.

The SPLUMA requires that local municipalities to develop a single Land Use Management Systems (LUMS) covering all areas within their jurisdiction. The main challenge faced by LMs in developing LUMS is the issue of Traditional Leaders not agreeing with SPLUMA implementation in areas under their jurisdiction pending proper SPLUMA consultations and some amendments on the act to address their concerns. The issue of first conducting extensive consultations by the DALRRD and COGTA then is paramount for the development of credible and practical LUMS by LMs.

Some of the spatial planning challenges in the district relate directly to the issue of complex land administration. Land administration in the district vests in different structures (municipal commonages, State land/communal land, and private land) and some of the challenges that have been noted are as follows: -

- Unclear Land Management Roles & Responsibilities
- LMs have limited planning and LUM capacity
- LMs have limited authority in rural areas (No policies mean no enforcement)
- Un-managed settlement formation as a result of in land “Informal” trading.
- No link between planned development and sustainable provision of services
- Environmental Management not taken seriously thereby threatening natural resources that are a critical comparative advantage in ORTDM

In order to systematically address the above listed challenges the ORTDM aimed to continue providing support to LMs in 2022/23 financial year. The support was to be in the form of the development of Local Spatial Development Frameworks for Lusi Park and Viedgesville which are key Nodes and Corridors identified by the Ingquza Hill LM and KSD LM. These projects could not be implemented and ended up being cancelled due a delay caused by an appeal from one of the service providers after "Intention to award Bids" was published on the ORTDM Website on the 29 November 2022. The REDP Department was informed in March that the matter was settled, and the Department informed the Budget and Treasury Office that it was impossible to complete the projects in remaining 4 months, and therefore the target would be moved to 2023/24 FY.

In June 2022 the Minister of Department of Agriculture, Land Reform and Rural Development (DALRRD) after consultation with Minister of Cooperative Governance and Traditional Affairs (COGTA), Premiers of KwaZulu Natal and Eastern Cape Provinces and affected Municipal Council declared Eastern Seaboard as a region for the purposes of developing a Regional Spatial Development Framework to give effect to national land use policy or priorities in terms of Section 18 (3) of the Spatial Planning and Land Use Management Act (Act 16 of 2013). The area to be covered by the Eastern Saeboard comprises of four District Municipalities of O.R. Tambo, Alfred Nzo (Eastern Cape), Ugu, and Harry Gwala (KwaZulu Natal).

The district has also been actively involved in the development of the Eastern Seaboard Smart City project. Our involvement as a District has been through participating in the Work Streams that were established as follows:

Workstream 1: Planning and Infrastructure

The purpose of this Workstream is to:

- To coordinate and integrate various planning instruments and infrastructure around the Seaboard
- Alignment of authorizations in terms of section 31 of the SPLUMA
- Accelerate and fast tract the planning and infrastructure regulatory authorisations around the Seaboard.
- Advice on strategic matters impacting on planning and infrastructure development for the region

Workstream 2: Integrated Transport and Social Services

The purpose of this Workstream is to:

- The work of the workstream is twofold, the Integrated Transport and Social Services.
- To plan and coordinate the activities of the Workstream
- Provide strategic guidance and technical expertise.
- Coordination, monitoring and oversight of initiatives
- Provide strategic advice on policy, legislation and regulation across a wide range of areas
- To provide expert advice and feedback, with regards to integrated transport and social Services
- Develop an implementation plan for the development of Integrated Transport Master Plan and the provision of Social Services
- To undertake data collection, analysis and information sharing for the realisation of the Workstream objectives.
- Stakeholder engagement and communications

Workstream 3: Land, agriculture, oceans economy and environment

The purpose of this workstream is:

LAND

- Social Tenure (Less-formal Tenure)
- Communal Land
- Ingonyama Trust Land
- Land Ownership Options
- Measures to Prevent Escalation of Land Values (Speculation)
- Land Invasion Management
- Land Reform projects with Communal Property Associations or Community Trusts
- State Land held under the former South African Development Trust
- Land Acquisition

AGRICULTURE

- Commercial Farms, Restituted and PLAS Farms
- Agriculture on land under Traditional Councils (Communal Land)
- Agriculture on Ingonyama Trust Land (may have different dynamics to Communal Land)
- Access to Water
- Access to Markets
- Food Security
- Forestry Land

OCEANS ENVIRONMENT

- Ocean (Blue) Economy Master Plan
- Fisheries

COASTAL ENVIRONMENT

- Coastal Management
 - Coastal Public Property
 - Coastal Planning & Infrastructure
 - Coastal Access
 - Climate Change Mitigation

Workstream 4: Trade, industrialisation and investment

The purpose of this workstream is to:

- To package and present strategic industrial / economic nodes, which are spatially referenced, specific, implementable and measurable.
- To remove binding constraints that exist in the facilitation of industrial transformation, trade, investment and financing - that affect local SMMEs, cooperatives, targeted and vulnerable groups, and incorporate them into the value chains of building sustaining economies.
- Identify natural endowments, competitive and comparative advantages of each of the four targeted districts as well as the optimal industrial structure associated with them
- Provide leadership on the Investment, Trade and Financial Packaging for all workstreams' proposals, ensuring that these long-term plans which are based on Optimal Industrial

Structuring that Global investors are attracted to and prepared to invest in, finance and build trade relationships around the proposed new city.

- Identify and package opportunities and projects that facilitate industrial development, trade and investment from the various players, and address any misalignments.
- Provide appropriate joint co-contributory incentives (vertical integration between the three spheres of government) linked to mandates (horizontal integration across collaborating departments, agencies) to the right industries targeted, these could include tax incentives or tax-free zones, etc.
- The use of Industrial Parks and Special Economic Zones Programmes of **the dtic**, the Incubator infrastructure (DSBD through SEDA), Technology & innovation Hubs (DSBD, **the dtic**, DSI, etc.) to enable industrial transformation, trade, investment & finance.
- Evaluate suitable value chains based on the defined Sector Plans and Potential Economic Nodes for catalytic project and then follow with the development of a suite of products and services that could drive both local domestic consumptions, as well as promote foreign trade and export markets.
- Focus each industrial park and SEZ on one or two of the potential nodes identified, so that inputs and outputs of these are aligned to the developmental thrust of this project.

workstream 5: Monitoring, Evaluation and stakeholder management

The purpose and functions of this workstream is to:

- Design of innovative M&E and Stakeholder management framework and tools (SMART, African City) through:
 - Citizen based/participatory M&E
 - Use of SMART technologies to facilitate M&E and stakeholder management (Imbizo, Lekgotla's)
- Monitoring of the establishment of the project structures including the stakeholder management;
- Design and monitoring of an “early warning” system to detect potential risks and issues that could impact the project, as they arise;
- Provide insights and recommendations on reports received from other work streams and follow-ups on the implementation of recommendations;

- Oversee / Commission of evaluation studies to assess implementation, return on Investment and how citizens /communities benefited through the project;
- Prepare reports for Political Principals with necessary recommendations and present to the relevant forums; and
- Develop tools and structures for stakeholder management and reports.
- DPWI - Social Facilitation, Mobilisation, Advocacy, Social Compacts and Community Profiling

Some of the work that is being done through the work of the workstreams include specialist studies such as renewable energy feasibility study, Integrated Transport Plans, Regional Spatial Development Framework (RSDF) etc. It must be noted though that there has been some visible fatigue to the process, as general participation of the District and Local Municipalities has decreased in recent times. It is therefore critical for both political and administrative leadership to continue ensuring that relevant people are allocated to various workstreams in order to ensure that the interests of the District and LMs are captured and well represented in the project.

3.11.1 Land Use Management

The O.R. Tambo District Municipality is located in the eastern part of the Eastern Cape Province, bound by the Indian Ocean to the East and the Mhlahlane and Baziya mountains behind Tsolo, and Qumbu to the west. The district encompasses diversity in physical landscape, land use and access to economic opportunities. Agricultural development forms part of the DM's competitive advantage due to its temperature and soil. The coast is an excellent tourist attraction, with a number of resorts and hotels already in existence. Some of the challenges faced by the district with regard to economic development and physical planning include: Lack of skills resulting to unemployment in the key sectors of the economy, high illiteracy rate, diseases such as HIV/AIDS, poor infrastructure, lack of incentives to industries, land claims, crime and an inefficient public transport system & network

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) was assented by the President of the Republic of South Africa on the 05 August 2013, and it came into effect on the 1st July 2015. SPLUMA provides for: -

- a) A framework for a Planning System for the country (Sec2 [2])
- b) Development Principles (Sec 7)
- c) Policies and legislation (Sec 6)
- d) Spatial Development Frameworks (Chapter 4)
- e) Land Use Management through Schemes (Chapter 5)
- f) Land Development Management (Chapter 6)
- g) Other provisions (Chapter 7)

SPLUMA Applies to the entire area of the Republic as a supreme law on spatial planning and land use management. SPLUMA is meant to address racially based pre-1994 planning legislations, as well as to repeal most of them. SPLUMA came into effect on the 01 July 2015. Section 35 (1) of the Spatial Planning and Land Use Management Act, 16 of 2013 (SPLUMA) states that, a Municipality must in order to determine land use and development applications within its municipal area, establish a Municipal Planning Tribunal (MPT) to assess and decide on the Land Development Applications. MPTs were established for a period of five years, and under the O.R. Tambo District municipality (ORTDM there are 3 types of MPTs that were established by Municipalities (see table below):

Table 23: Municipal Planning Tribunals

Municipality	Type of MPT	Start Date	End Date
ORTDM, Mhlontlo & Nyandeni LM	District MPT	June 2018	June 2023
Port St Johns & Ingquza Hill LM	Joint MPT	June 2016 (with extension of 2 years)	June 2023
King Sabata Dalidyebo LM	Single MPT	October 2018	October 2023

In order for SPLUMA to be effectively implemented key milestones have been achieved, and the progress to date is as follows:

- All municipalities under the O.R. Tambo District Municipality adopted and gazetted their SPLUMA By-Laws
- All Municipalities have appointed their Municipal Planning Tribunals and they are functional
- All Local Municipalities have appointed their Authorised Officials and Appeal Authorities

In the 2022/23 financial year the ORTDM made strides to assist Local Municipalities to re-establish their Municipal Planning Tribunals (MPTs) as per the requirements of Chapter 6 of the SPLUMA. The first 5-year term of office for all MPTs under the ORTDM are coming to an end in 2023. The District informed LMs as early as March 2022 that they needed to kick-start processes to re-establish their MPTs, as that process is quite extensive and needs no less than 10 months to properly undertake it. In the 3rd Quarter 2022/23 the District working together with SALGA, COGTA and DALRRD conducted a District SPLUMA Compliance Assessment workshop with LMs. In the workshop, the concern about the slow progress was raised and LMs were cautioned about the implications of not having MPTs in place. Some of the implications include possible litigations against LMs, rise in service delivery protests, loss of investor confidence, loss of revenue generation by LMs etc.

The district intends to continue to provide all the necessary support and coordination in the 2023/24 financial year to the LMs, so that they comply with SPLUMA and establish their MPTs. This will be done by utilising the available IGR structures such as the District Planners Forum, Joint LED, Spatial Planning and Tourism Forum as well as Municipal Manager's Forum.

3.12 Local Economic Development

LED in the O.R. Tambo Region seeks to promote sustainable socio-economic community driven programs. The O.R Tambo District further operates on principles that are focused on pursuing and building on the district's latent strengths and competitive advantages. Latent strengths relate to those forms of economic activities that the district has a significantly untapped developmental potential such as its landscapes and tourism potential agriculture and ocean's economy.

According to Section 152 (1) (c), of South African Constitution under Local Economic Development Objective, it mandates that Local Economic Development should promote social and economic development.

LED in the district therefore seeks to grow the economy based on presently unrealized, under-realized and unexploited development potential, which represent a low hanging fruit. It is through such a perspective that factors such as local knowledge and skills, as well as communal aptitudes and capabilities are prioritized to drive economic growth and development.

LED for O.R Tambo also seeks to provide support for the needs of local communities in pursuance of improving the quality of life within the district through facilitation of local economic development. Whilst micro-enterprises have absorbed large numbers of unemployed people, they are in themselves not always able to generate appropriately remunerated long-term jobs. As part carrying the above responsibility, the LED section is divided into two units i.e. Informal Trade and SMME development, and Rural Economic Development, Research and Resource Mobilization (REDRRM). The REDRRM unit has three subunits i.e., Rural Development (mainly agriculture), Research, and Resource Mobilization. The Rural Development subunit deals with rural development in general, and agriculture in particular. The Research subunit deals with gathering of data and researched information useful for economic development and Aquaculture Development. The Resource Mobilization deals with mobilizing extra resources as municipal budget is not enough to cover all the needs.

(ITED) The Informal trade and enterprise Development unit has two subunits i.e. Informal Trade sector which deals with supporting Informal Traders which is a sector that has long been neglected in mainstream trade and industry policies in the country, even though it is recognised as a significant contributor to economic growth in terms of employment creation, income generation and output growth, and is often the vehicle by which people in the lowest-income bracket gain access to economic opportunities in societies. Enterprise development Subunit deals with facilitating support to SMME'S and Co-operatives with funding, development of service excellence, skills development and identification of training needs such as registration of Cooperatives and individual operators. This goes hand in hand with facilitation of resource mobilization and forging linkages to marketing.

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Ntinga O.R Tambo Development Agency is the O.R Tambo DM municipal Entity, which is mainly focusing on implementing the district's key LED initiatives for poverty alleviation and business development and support.

The District Municipality utilized its budget to undertake the following critical activities as per the IDP targets:

- I. To boost agricultural contribution and to improve food security in the district through number of Agro-Industrial Programs developed and implemented.
- II. Through Enterprise Development, numbers of programs were implemented including District Informal Traders Summit which later resulted into O.R Tambo District hosting successfully a Provincial Informal Traders Summit.
- III. Through partnership with SEDA, SALGA, Department of labor and Government stakeholders we managed to do business skills training for informal traders and our SMME's and Cooperatives and we also have district coordinating committee which seats quarterly in implementing enterprise developmental initiatives for the district.
- IV. The partnership program made us to easily have a successful Pop-up market on the 2022/23 and there were resolutions which were taken that the Po-up market must be done at list two times per financial year. The Pop-Up Market is a marketing technique that uses a quick point of contact to attract customers who seem not to know about the products that are going to be promoted. There were stalls that were used by exhibitors to showcase the products that were used to display in order to make our Enterprises to be marketed.
- V. Through a partnership program with Furntech (the Furniture Technology Centre), for the 2022/2023 twenty learners (4per LM) were recruited and training started on the fourth quarter due to financial constraints.
- VI. The Furntech program is based on the following objectives:
 - ✓ Create an enabling environment for Small and Micro Enterprise (SME's) in the furniture and wood products industries to grow through business technology incubation,
 - ✓ Develop business and production skills through skills development and technology demonstration
 - ✓ Facilitate the exit plan and access to markets for the trainees.

Co-operatives/SMME Supported: due to our SDBIP targets, we are mandated to support our Local Municipality SMME's and Cooperatives according to our funding policy that is to be

reviewed during the 2023/2023 financial year. During 2022/23, we managed to support 09 SMME's and Cooperatives due to lack of availability of funds.

The ORTDM in partnership with Ntinga and Chris Hani Cooperatives Development Centre in implementing the Rural Agro-industries Finance Initiative through a signed Implementation Protocol in line with IGR Act. Following the council approvals of the three (3) districts municipalities (Chris Hani, OR Tambo and Joe Gqabi) regarding the implementation of Rural Agro-Industries and Financial Initiative as part of a commercial pilot production of grains in the selected local municipalities and villages. The Chris Hani Co-operative Development Centre for an Implementation of **Rural Agro Industries and Financial Initiative (RAFI)** which services include the establishment of the **O. R. Tambo Co-operative Development Centre** that has started on September 2018 as it has its Center manager. The program was officially launched on the 16 of December 2018, which was graced by the presence of President Cyril Ramaphosa.

The total five-year target for O.R Tambo District Municipality to implement the RAFI program is 45000 hectares. Currently for 2019/20, the RAFI pilot project is ongoing at Ncise A/A in King Sabatha Dalindyebo Local Municipality.

For the 2022/23 financial year, Ncise 220 ha of land was ripped, liming, first and second disking and the was 180 ha that followed which was the first spraying (pre-emergence). There was 200 ha that was planted, second spraying (Post emergence) and top dressing of 200 ha.

Social Facilitation at Nyandeni, KSD and Ingquza Hill LMs were continuously done on the 2022/2023 financial year. As per partnership between Chris Hani CDC, ORTAMBO District Municipality and Ntinga Development Agency, RAFI Beef has been the focus area for beef improvement and commercialization.

- In an attempt to implement RAFI Beef, Lambasi has been identified as pilot site for the project.
- As a sequel to the plan, 200 ha out of 400 ha targeted of field has already been fenced in Cuthwini village.
- As per partnership between Chris Hani CDC, ORTAMBO District Municipality and Ntinga Development Agency, RAFI Beef has been the focus area for beef improvement and commercialization.
- As of current we are preparing for the Launch of the Cutwini BEEF program that will be held on the first quarter 20 July 2023. The 70 Cows.

- During 2022/23 financial year there has been initiative implemented in buying inputs and medications that were delivered to the Cutwini site in waiting for upcoming delivery of cattle.

3.12.1 LED Infrastructure and Investment Promotion

Little has been achieved on LED infrastructure as the district municipality was struggling financial because funds were withheld by national treasury by almost a year due to matters that, were between the DM and national treasury. On investment promotion, little has been achieved, but a groundwork for investment fair was laid through collaboration between Alfred Nzo District Municipality, O.R Tambo District Municipality, and Eastern Cape Social Economic Consultative Council (ECSECC). Such groundwork helped both districts to go to provincial investment conference held on 16-17 November 2022 better prepared.

3.12.2 Agro-Processing & Facilities

As part of implementing the District Agri-Parks programs, the Agri-Sector partners such as Department of Rural Development, Agriculture and Land Reform, Department of Agriculture and Agrarian Reform, OR Tambo District Municipality, private sector partnership has developed a joint program which identified **catalytic** projects on agriculture such **livestock improvement, Dairy production and processing, and Grain production** and are mobilizing resources for implementation of those programs. One of the key programs implemented by district on crop production improvement was 323ha of grain production spread over 5 local municipalities.

3.12.3 Forestry & Timber Production

The district strategic documents identified this sector as one among others, which has not yet been used to its full potential, yet it has a major opportunity of boosting the economy of the district. Little has been achieved on this sector due to lack of funds and only 1 co-op supported with equipment for cutting and packaging wood sold to B&Bs. However, a plan was made to revive the programs implemented before covid19 through economic recovery plan and their implementation will appear in 2023/24 year programs.

3.12.4 Mariculture & Aquaculture Industry

The district strategic documents identified this sector as one among others, which has not yet been used to its full potential, yet it has a major opportunity of boosting the economy of the district. Little has been achieved on this sector in 2022/23 year due to non-availability of funds, but refrigerated containers procured to support fisheries were delivered to Nyandeni, KSD, PSJ, except Ingquza Hill which will be delivered in 2023/24 financial year. The plans were then shifted to 2023/24 financial year.

3.12.5 Tourism Development and Marketing

Tourism marketing is critical to the enhancement of the competitive and comparative advantage of the tourism sector. The National Tourism Sector Strategy (NTSS) states that; the role of Local Government in the tourism sector is to manage assets such as public land, and to provide important infrastructure.

- Create awareness through campaigns, using appointed advertising agencies, the public broadcaster, radio stations, social media, etc.
- Engage the Department of Basic Education to develop a school tour programme, possibly integrated with, for example, the curriculum for Life Orientation in the early high-school grades. Consider any existing programmes; investigate funding from sponsorships/AID and develop the programme.
- Develop an exchange programme where employees in enterprises within the industry visit another industry operator to experience holidaymaking and/or visiting attractions. Use off-season and low season periods when both labour and capacity are available. Look for transport/funding sponsors.

O.R. Tambo district endowed with the most picturesque tourism destinations such as Port St Johns, Lusikisiki, Coffee Bay, Qunu, Mthatha and Mhlontlo. The district encapsulates a large portion of the Wild Coast belt and is home to some pristine nature reserves such as Luchaba Nature Reserve, next to Umtata Dam and a string of coastal nature reserves (including Mkambati, Silaka, and Hluleka). There are also indigenous forest reserves as well as a proclaimed marine reserve, adjacent to Mkambati. Furthermore, the District is endowed with several significant cultural and heritage sites, it is also boosts with being home to South Africa's iconic legends such

as the late Nelson R. Mandela and O.R Tambo, however despite such enormous tourism potential tourism still contributes under 10% to the district's GDP.

3.12.6 Tourism

Tourism Legislative Frameworks

- *Tourism Act* No. 3 of 2014
- The White Paper on the Development and Promotion of *Tourism* in *South Africa*, 1996
- RSA, Republic Constitution
- Arts, Culture and Heritage White Paper - 2017
- Cultural Institutions Act 1997
- Mzansi Golden Economy Summit - 2011
- Eastern Cape Arts, Culture and Heritage Summit - 2012
- NDP Vision 2030
- National Tourism Policy - 1997

3.13.6.1 Tourism Marketing & Promotion

The district municipality has a responsibility to market local products and region as a preferred tourist destination of choice and to boost economy, in pursuing that reprint of marketing material such as Tourism Marketing brochure, Tourist Maps were done i.e., Q2 & Q4. 250 Copies of brochure and maps were reprinted for distribution to all VICs, Trade shows, Municipal offices, accommodation establishments and so forth.

There are local tourism marketing and promotion platforms that are being utilised as means to support of local SMMEs with regards to access to markets listed as follows.

Trade Shows

- Africa Travel Indaba Formerly Tourism Indaba
- National Arts Festival (**NAF**)
- Coffee Bay Cultural Festival (**COCUFE**)
- Isingqisethu Cultural Festival (**ICF**)
- Events Promotion

Africa Travel Indaba formerly known as Tourism Indaba

Africa's Travel Indaba is one of the largest tourism marketing events on the African calendar and one of the top three 'must visit' events of its kind on the global calendar. Africa's Travel Indaba brings together a showcase of Southern African tourism products and services for the international travel trade. An exhibitor in the DEC (Durban Exhibition Centre) includes provincial authorities, provincial products and African Countries. In the ICC (International Convention Centre), exhibitor categories include accommodation, tour operators, game lodges, transport, online travel, luxury products, Hidden Gems, media publications and industry associations. Outdoor exhibitors include transport, camping and safari companies. Due to budget constraints The district municipality couldn't provide exhibition stand to accommodate its local municipalities , It has only offered an in-house promotional material that was already procured , there was no expenditure made for the programme as a results 4 LMs(PSJ, IHLM, KSD,and Mhlontlo sharing space with Nyandeni) provided their own exhibition stands , Ms Ntakana who attended the trade show to showcase the regional marketing material (brochure , Maps ect) was accommodated by PSJ LM. The event was held from **09 -11 May 2022 in Durban ICC, KZN.**

National Arts Festival

The National Arts Festival is an important event on the South African cultural calendar, and the biggest annual celebration of the arts on the African continent. Starting at the end of June/beginning of July, it runs for 11 days and is held in the small university city of Makhanda (formerly Grahamstown), which is situated in the Eastern Cape, 130km from Port Elizabeth.

The above-mentioned show well known event that give O.R Tambo businesspeople a platform to market and sell their products at the highest level, Tourism Section every year take about a certain number of businesspeople to these shows in order to promote and market their products and selling the region as a Tourism Destination of choice. The impact of the trade shows is to attract investment opportunities and the opportunity to promote and market O.R Tambo hand made products through arts, craft and fashion design exhibitions. Product owners also get best practices by learning from other business from various countries, provinces and districts. The DM also assisted with 100XHanders, in house designed price tags, tagging and display equipment including sales tracking print outs. Due to unavailability of funds DSRAC Provincial Office had to procure exhibition stalls on behalf of ORTDM LMs. The LMs had to transport and accommodate 8 craft producers to the event and only Nyandeni who could send their producers to Makhanda

due to budget limitations. The annual event was held from the **23 June - 03 July 2022 in Makhanda.**

Coffee Bay Cultural Festival (COCUFE)

The Coffee Bay Cultural Festival (COCUFE) is an annual important event that is celebrating Bomvana Heritage that incorporates all music genres, poetry, arts, crafts, fashion, beauty pageant, food, and inkciyo. The event was held for the fifth time in the same venue and by the same company called BOSA Holdings. Arts and Culture are the most powerful drivers of unity through entertainment, socialising, empowerment in communities across the African continent upon which the festival is based. The event boosts the Coffee Bay and Hole in the Wall tourism economy as all accommodation establishments, Village based accommodations (VBAs), Tour operators, Local businesses, Informal traders, taxi industry benefit directly for the duration of the event. The event was held on 07TH - 09th October 2022 and it has different activities like inkciyo pageant, gala dinner, video and film screening, craft exhibitions, fashion show and main event with performances. The district municipality supported the event technically due to lack of financial muscle, provided supported by readily available resources such as branding material, display equipment, printing of 200 posters, design and printing of 300 certificates for inkciyo participants, designing and printing Gala dinner and Main event programmes. The event was held from the **07th - 09th October 2022 in Simnikiwe Joloza Ground in Coffee Bay(KSD)**

Isingqisethu Cultural Festival (ICF)

The event is an annual Provincial festival organized by the Department of Sports, Recreation, Arts and Culture in Port St Johns Local Municipality. The main objective of the event is to showcase the Provincial talent in the Creative Industry sector. The stakeholder partnering with DSRAC involves PSJ LM, PSJDA, ECPTA and ORTDM in various aspects. The DM was responsible for the arts and craft displays, fashion show exhibitions in Curatorship and putting up artworks at PSJ Museum. The event was staged for 2 days in the PSJ soccer ground and all Eastern Cape Districts and Metros attend the event. The event boosts the PSJ tourism industry economy as all accommodation establishments, Village based accommodations (VBAs), Tour operators, Local businesses, Informal traders, taxi industry benefited directly for the duration of the event. For 2022/23 the event was held from the **03rd & 04th December 2022 PSJ Ground.**

Events Promotion

Platforms have always been aimed at targeting to market the region through these platforms; however, the Tourism section also aims to contribute to the economic improvement of its people as these events benefit the people of the region by creating the platform to show case and to sell their products. Unfortunately, due to financial constraints the support for events were not part of the annual plans for 2022/23 financial year and the only supported events that was done by means of technical support and forming part of awareness campaigns programme collaborating with other tourism relevant stakeholders.

Visual Arts and Craft Development

The program enables members of the creative industries to promote their work and showcase their product to national and international markets and it also stimulate and strengthen the local economy. The program also aims at promoting and providing opportunities for visual artists, crafters and fashion designers in all disciplines to develop their art and talent in order to improve economic and other development opportunities. Access to markets is facilitated through the local, national and international exhibitions, museums, art centres, craft hubs, flea market events, cultural events as well as a business linkages program. Since the outbreak of Covid 19, the district never had budget allocated for the program due to unavailability of budget. Since the DM has no longer have budget for the program, the LMs are using their limited resources to take their craft producers to the relevant trade shown and some do afford to do that and the recipients are suffering.

3.13.6.2 Tourism Research and Development

The programme seeks to audit and facilitate the provision of bulk infrastructure to and at tourist sites, e.g., access roads, signage, water and sanitation, electricity, ablution facilities, viewing sites and amenities, and the overall destination management. Facilitate and coordinates activities and key deliverables associated with tourism support factors. The programme is meant to improve or expand our tourism products or operation to fit identified trends in global tourism and to position our local business to meet future market demands. In 2022/23 financial year the municipality provided support to a Fashion designer called Snethemba Mafu PTY LTD in assistance to expand production. Signage provision to tourism SMMEs, Tourism adventure projects, attractions and accommodation establishments was done for the following: Ingcambu Tours project located in PSJ, Pondo Adventure Tours from PSJ and Down town Accommodation and Fisheries .

3.13.6.3 Tourism Education and Awareness

Campaigns to create awareness focusing on host communities (where there are tourist activities),
The campaigns were as follows:

Event Name (Awareness Campaign)	ORTDM in Collaboration	Local Municipality	Location	Nature of Support
Hiking to Explore 08 Aug 2022	Ingcambu Tours and Pondo Adventure	Port St Johns LM	Bulolo Falls	Inhouse developed Flyers and business cards
Woman in Tourism 25 - 26 Aug 2022	Embo Tours, IHLM, ECPTA	Ingquza Hill LM	Mkhambathi Nature Reserve, Mkhambathi Falls and Msikaba Vulture Colony	Catering for 30 attendees
Village Tour, Picnic and Comedy Show 08 & 09 Apr 2023	Ingcambu Tours, ECPTA, PSJ, PSJDA	Port St Johns LM		Payment of Local DJ, Provincial Maskhandi, transportation of artists and National Comedian
Gqubeni Great Place Heritage Celebrations 23 Sep 2022	Gqubeni Great Place	King Sabata Dalindyebo LM	Gqubeni Komkhulu	Procurement of Cultural Group for performance
River Mountain Marathon 27 Apr 2023	PSJ LM & PSJDA	Port St Johns LM	PSJ	Technical Support and Branding
Handover Ceremony 27 Sept 2022	KSD LM & Touris Guides	King Sabata Dalindyebo LM	Hole in the Wall Hotel	Transportation and Meals for 60 attendees
Handover Ceremony 09 Nov 2022	PSJ LM & PSJDA	Port St Johns LM	PSJ Town Hall	Transportation and Meals for attendees

COMPONENT D: COMMUNITY & SOCIAL SERVICES

Community Services, as a department is responsible for the advancement of basic service delivery objectives and outcomes within the District Municipality. The community services department focuses on areas that provide a sustainable improvement in the welfare of human beings and their basic livelihood. The department focuses on an array of services, which are Sports, Recreation, Arts, Culture & Heritage; Libraries, Education and Information services; Community Safety; Disaster & Fire Services; Municipal Health Services et cetera.

This department has a vacancy rate of 30%. Staff compliment as the end of June 2023 for Community Services department is depicted in the table below:

Table 24: Employees – Community Services

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
175	123	52	30%

3.13 Libraries, Information and Education Unit

The Libraries, Information and Education Services (**LIES**) Unit is the sub-section of Sport, Heritage, Arts, Culture, Libraries, Information and Education. The focus of the unit is to coordinate and facilitate the development of public/community libraries and school libraries. It supports Department of Education (**DoE**) with supplementary materials in order to overcome the high failure rate within the district. It also promotes a culture of reading, library usage and lifelong learning.

3.13.1 Relevant Legislations and Policies

The following legislation has a bearing on the different role-players in the South African Library and Information Services Sector:

- **The Constitution of the Republic of South Africa (108 of 1996)** describes the legislative framework for the governance of LIS in South Africa. It clearly states that libraries, other

than national libraries, are a provincial responsibility. Each of the nine provinces is therefore obliged to develop a legislative framework within which public library and information services can be provided. Constitution of the Republic of South Africa and the Bill of Rights recognises access to information as a Human Right.

- ***The Education Laws Amendment Act, No. 31 of 2007*** (that amends the South African Schools Act of 1996) lists the availability of a library as a minimum uniform norm and standard for school infrastructure.
- ***South African Schools Act, No. 84 of 1996*** is to provide for a uniform system for the organisation, governance and funding of schools; to amend and repeal certain laws relating to schools; and to provide for matters connected therewith.
- ***Eastern Cape Provincial Library and Information Services Act (Act No.6 of 2003)***
- ***The Copyright Act (Act No. 98 of 1978, amended 1992)*** protects all literary, musical and artistic works, whether in written, printed or digital form.
- ***The National Education Policy Act (Act No. 27 of 1996)*** enables the development of national policies that will contribute towards quality education, including founding school libraries. Standards for these libraries are the responsibility of provincial education departments, so coordination between national and provincial education departments is imperative.
- ***The Legal Deposit Act (Act No. 54 of 1997)*** requires producers and publishers of published material to deposit a certain number of copies of their publications in the five legal deposit libraries. It also requires a Legal Deposit Committee to be responsible for coordinating and promoting implementation.
- ***The South African Library for the Blind Act (Act No. 91 of 1998)***, the first of its kind in the country, provides separate legislation for LIS to blind and print-handicapped people in South Africa through the Library for the Blind in Grahamstown, Eastern Cape Province.
- ***The National Library of South Africa Act (Act No. 92 of 1998)*** focuses on the information needs of the nation in order to enhance the development and delivery of effective library programmes, services and products. The Act facilitates a common platform for information technology, with a view to achieving optimal use of limited resources and coordinated systems.
- ***The Promotion of Access to Information Act (Act No. 2 of 2000)*** aims to foster a culture of transparency and accountability in public and private bodies through citizens' right to access to information, and also to empower people to gain access to information that will enable them to exercise and protect their rights.

- ***The National Council for Libraries and Information Services Act (Act No. 6 of 2001)*** provides for a council to advise the Minister of Arts, Culture, Science and Technology on LIS issues. The council interacts with all LIS role-players (at local, provincial or national level) and, most importantly, advises on policy as well as operational matters across the entire LIS system; it is therefore best placed for dealing with issues of coordination.

3.13.2 Functions of the Unit

The unit provides support in various educational activities as follows:

Support Literacy Programs:

- (i) ***National Book Week that*** is held annually in various local municipalities
- (ii) ***South African Library Week –that is held annually in various local municipalities as identified.***

- Support ***Literacy Programs*** – International Literacy, National Book Week and Heritage Day Celebrations, South African Library Week and Career Exhibition.
- Support Capacity Building Program

Impact of the programmes:

- ✓ Improvement on the pass rate of the supported schools
- ✓ Improvement on the quality of the grade 12 results

3.14 Community Safety

As Community Safety, our core mandate is to ensure and works well within the confinements of the relevant legislative frameworks that governs community safety and security.

3.14.1 Legislative mandate as reflected in our IDP:

- **South African Constitution Act. 108 of 1996**
 - Section 151 and 152 – safer and sustainable community, through local government involvement
- **Community Safety & Security** Prioritize community safety & security Programmes focusing on crime prevention, school safety and coastal safety in partnership with relevant

stakeholders (LM's and SAPS, Department Safety & Liaison). The main objectives are to promote innovative partnership-driven ways of reducing the current levels of crime to low levels and preventing crime from taking place in an integrated manner with various stakeholders e.g., SASSA, SAPS, Civilian Secretariat for Police Services, Safety and Liaison., other key stakeholders

- **These guidelines are from;**
- The White Paper on Safety and Security 2016, dealing with role of local government, State agencies and communities – in safety issues, creating cohesive and enabling environment were ...” all people are and feel safe”.
- **NDP 2030, Outcome 12, dealing with safer communities**
- Role of Government with a vision towards 2030, drawing energy from community participatory processes, and the centralized role of government through its sector departments and local government structures (Provinces, Metro's, DM's, LM's). Aims to eliminate poverty and inequality by inclusive economic growth, building capacity and leadership.
- **MTSF focus on National Development Plans 2030**
 - Reduce levels of contact crime
 - Secure South African Borders
 - Creating an efficient and effective criminal justice system
 - Increase levels of domestic stability
 - Secure the identity of everyone in South Africa
 - Securing cyber space in South Africa

3.14.2 Core mandate of Community Safety

- These strategies are implemented in line with other existing National and Provincial measures aimed both at tackling crime and addressing the underlying root causes of crime and violence, such as victim empowerment, substance abuse, child protection and community developmental Programmes with other role players.
- Supporting and advising on implementation of developmental and preventative diversion Programmes, improving community safety, strengthening families, promoting safety at schools with DoE.
- Promote and support Crime prevention, crime risk reductions across various spheres of

governance and advice Council accordingly.

- A supportive role in Anti- GBVF (gender base violence and femicide), VCP (violent crime prevention), through awareness programmes, strategic planning and interventions with relevant role-players.
- Monthly participate as a District in the Local SAPS clusters level (Mthatha & PSJ), in planning, meetings, programmes, to address rampant crime, find common solutions and intervention with other role players.
- Enhance the participation in crime reduction programmes and initiatives, identifying with relevant role players' social crime issues at scholar or community level, and designing/ supportive programmes of intervention through multi- stakeholder collaboration.
- Capacity building through workshop, support and training for LM's on safety initiatives (safety plans / safety audits), with multi stakeholder collaborations partners in community safety; GIZ (Deutsche Gesellschaft fur Internationale Zusammenarbeit), South African Local Government Association, Dep. of Community Safety, South African Police Services LM's, Dep. of Social Development, to name a few.
- Promote the building of community social cohesion and improving the quality of life of all people which includes infrastructural development recommendations for safer spaces through influencing, SPLUMA (Spatial Planning and Land use Management Act), local economic development, or infrastructure departments towards "safer spacers" for communities, e.g. adequate street lighting, safe parks and recreational facilities, the built of high mast lighting in crime prone areas etc.
- This is further underpinned by supporting government's ongoing efforts to build better and safer communities that respect human rights and contribute to the government outcome "All People are and feel safe", *NDP Outcome 12*.

3.14.3 Programmes achieved, highlights and plans: 2022-23

1st Quarter targets (2022-23) targets set 0, achieved 7

1. **Xhwili AA, Bityi:** Community Safety, Crime & GBVF, a GBVF Summit and crime safety Imbizo held in Bityi area, in area of Mpheko School with Communities of Bityi. Focus of intervention, was through Department of Civilian Secretary of Police, with Community Safety (ORTDM & Province), ward base assessment of crime and GBVF cases conducted around the 12th.July towards built up of programmes. 14th.July 2022, programme was held with focus on Women's Dialogue & Men's Dialogue led by NGO's / FBO'S & NPO's

in GBVF to determine root causes of violence and crime in area.

2. **Majola AA: Community Safety_ Faction Fights,**

Intervention, built up session held 17th. & 22nd. August in Port St. Johns, event held as Premier (OTP), Crime Imbizo, at Majola AA. Imbizo was to determine root causes of factional fights, and craft a joint multi-stakeholder collaborated approach, towards a long term outcome, in reducing these factional fights in area.

3. **KSD LM, Crime Imbizo,**

Crime and safety challenge, after sporadic killings and murders escalations within KSD LM. Built up plenary session were held, 10th, 15th. 17th. and 22nd August, towards a crime Imbizo in KSD which was held on the 1st. September 2022, with wards representative from 6, 7, 8 and 9

4. **School Safety dialogue with SGBs & District,**

A District crime, safety and drug preventions session held with SGB's and District Directors, Coastal and Inland, Department of Health, Department of Social Development and others NGO's, looking jointly at various initiatives of reducing and mitigating the impact of drugs and violence in our schools.

1. **Jonguhlangu Primary World Environmental Health Day (WEHD), school safety**

World Environmental Health Day, build up programme, looking at environmental safety and health & hygiene issues amongst our scholar, further discussion teaching our children on fire safety (Fire Services: ORTDM), crime and personal safety (SAPS), Community Safety and Environmental Health.

2. **ORTDM GBVF stakeholders' session**

The focus was on accountability stakeholder engagements, on National Gender Base Violence, (NSP: Pillar 03), focusing on government, NGO's and other agencies related support on GBVF.

3. **Men's Dialogue: GBVF & March: Mthatha Central SAPS**

The closing of the Women's Month with a themes, programme was initiated by the Speaker of Council with other role players, GBVF forums, NGO's / FBO's and champions under GBVF. A Men's dialogue was held on the 30th. August, to determine and find root causes in the traditional setting of GBVF. 31st August, a march was held from MUNITATA, to Mthatha Central Police for handing over of petition, which aimed to fast track the following:

- ✓ improve investigation into GBVF cases,
- ✓ fast track the current outstanding cases, and give reports back to families of victims affected;
- ✓ solicit from Judiciary, family violence courts to be fully operational
- ✓ consider the establishment of a Centre for DNA testing within Eastern Cape / OR Tambo District.

2nd. Quarter performance (Targets set: 5 achieved 6)

1. **COGTA, a GBVF workshop (30th. November at Savoy Hotel)** in ORTDM in area, **KSD LM**, with Traditional Leaders, ORTDM region Mbashe / Amathole and various Traditional Houses within the Eastern Cape. The focus was on their roles and responsibilities as Traditional Councils, Municipal support and our working relations with CSO (Civil Society Organizations). GBVF legislation and role of traditional leaders in supporting and applicable legislation. Traditional courts, their roles and support. Traditional leadership roles and responsibilities in strengthening family units and dealing with GBVF cases.

2. Ward base community safety / 6-7, and 8 (Mhlontlo LM)

Intervention, towards establishment of ward base safety committee in Mhlontlo at ward 6, 7 and 8. The area is rife to housebreaking and petty theft perpetuated by youth that are unemployed. A street committee structure approached ORTDM partnership (Indlezana Yeswe & ORTDM safety), for assistance in setting up a ward base community safety structure in the absence of a fully functional CPF (Community Policing Forum). A range of intervention support programme is planned, with handing over of equipment around January 2023, once need analysis are determined and committee is fully established.

3. KSD LM Operations & Crime Safety War room 15th. November 2022

Crime and safety challenge, within KSD LM, warranted Community Safety to regular participate in crime safety –war room engagements. These session are constituted of councilors from various wards, speaker of KSD LM, and Executive Mayor of KSD, as chairperson

The crime safety war room, sitting are every Tuesday of the week around 12h00, at Council Chambers, issues of crime and supportive roles of sector departments are discussed, with operations of anti- planned and executed.

4. Crime and safety operations (KSD LM) 19-21st. October 2022

Crime and safety remains a challenge as alluded within the War room, operations are planned from the war room and cluster commander's office. Extensive operations were done, during the month of October & 11-12th.November 2022. These crime and safety initiatives were done jointly with Eastern Cape Liquor Board, SAPS, Department of Home Affairs, other departments, ORTDM Community Safety. Details on successes and operational report is attached

5. School Safety (St. Patricks S.S.S dialogue with SGB's, District & Indlezana Yeswe (Nyandeni LM)

A District crime, safety and drug preventions session held with SGB's and District Directors, Coastal and Inland, Department of Health, Department of Social Development and others NGO's, looking jointly at various initiatives of reducing and mitigating the impact of drugs and violence in our schools. St. Patrick S.S. School (Nyandeni LM), engaged the district and our partners CSO (Civil Society Organization_ Indlezana Yeswe), on programmes of psycho-social support. Further programmes are planned along GBVF and supporting of learners, dealing with trauma and drug abuse.

6. Bityi SPS (School Safety)- awareness, drug abuse campaigns (KSD LM)

Programme was held on the 8th.December 2022, Bityi area, KSD LM. Drug / alcohol and substance abuse is rampant amongst teenagers in this area. Underage drinking and other social- ills warranted a programme of intervention in area jointly with Eastern Cape Liquor Board, Indlezana Yeswe and Department of Community Safety (Province).

7. District Informal traders,22-23rd.November 2022 (District & LMs)

The focus is on **safety** of the informal traders, sector is very key and instrumental. Our focus was on safety being an integral part of improving of informal sector traders; ensuring municipalities meet their legislative obligations. Crime in this sector hampers further impact on trade and job security. Informal traders are important to development of jobs security of a sector. Informal traders contribute hugely to the Eastern Cape, GDP. Various sectors were part of workshop, being part of the informal trader's summit (see attached copy of PPP).

3rd. Quarter performance (Target set 3, achieved 3)

1. KSD LM, Crime & Safety Awareness Operations (February & March 2023)

- ✓ Dealing with issues of rampant crime within the residential areas, through ward base foot patrols / by CPF Members_ KSD crime patrol unit as supported by our Snr. Officer: S. Mbengo_Social Crime Prevention.
- ✓ These operations interact with communities, vendors on paving areas, performing random stop and searches on suspicious individuals, doing operations and crime surveillance around hotspot areas e.g. taxi ranks, “old Governor” building and town area.
- ✓ Many successes, of dangerous weapons confiscated from thugs, and criminal element in and around town.
- ✓ Safety of SASSA grant beneficiaries and queuing at Post Office, has drastically improved since the programme was started.
- ✓ Many arrest made with KSD law enforcement, relating to drugs and illegal fires, as well as recovery of stolen goods and household items.
- ✓ These operations are conducted on a daily bases, and is a collaborated effort consisting of KSD law enforcement, KSD wards safety patrollers (District initiative), and SAPS.

1. School safety joint programme / EC liquor board & Social Crime Prevention (Bityi & District)

- ✚ Awareness and safety of scholars with focus on substance abuse and abstaining from drinking and misusing of alcohol.
- ✚ An ambassador’s programme was started with the selection by EC Liquor board of students across schools (Khanyisa High & Holy Cross: Mthatha)
- ✚ About 24 learners will be ambassadors in these schools, functioning as peer support and counselling referrals.
- ✚ This partnership with EC Liquor Board is established with social crime prevention and District and similar programmes will be rolled out to Bityi school circuit areas, as well as KSD schools, and other LMs.
- ✚ These crime, social ills and substance abuse preventions programmes, are focused to schools identified as being problematic.

2. GBVF Support (DR (victim) from Mthatha estranged husband (perpetrator), apposing bail hearing

- Issues of socio-psych were rendered as various civil society groups and NGOs in women support to the Dr. who suffered abuse at the hands of her estranged husband.
- Civil society marches and sit ins planned around the Mthatha Magistrate (DV- Court)
- Civil society staged support in the courtroom, throughout dates of the 22nd – 30th. March 2023, lobbying for the opposing of bail for the estranged husband.
- Our support as community safety is towards victims of GBVF, with main focus on National Strategic Plan of GBVF 2018, Pillar / Outcome: 03, Safety, Protection and Justice

4th. Quarter performance (overachieved as there was no target set), 1 programme done

1. Nyandeni LM, Crime & Safety Awareness (April to June 2023), Buntingville, Ward 13, Buntingville Junior School

- ✓ Pre-released stats from April 2023, from the National Ministry for Policing Services indicated there is an increase in GBVF cases,
- ✓ A general concern amongst the teaching fraternity, on problematic youth, and increase in drug / substance abuse in area of Nyandeni
- ✓ SAPS having to deal with issues of rampant crime within the Buntingville areas
- ✓ Youth (in and out of school), involved in petty crimes of housebreaking, theft and other social ills
- ✓ The report seeks to focus on early awareness and intervention programmes, addressing the escalation of the above mentioned / crimes and social ills.
- ✓ The programme seeks to form the basis all future special interventions with sector departments, CSO (civil society organizations e.g. Indlezana Yezwe, Masimayane Womens International as our GBVF Stakeholders partners uniformly addressing programmes of interventions.

3.15 Social Development Section

The *Constitution of the Republic of South Africa, Chapter 7, and Section 153* stipulates that, the developmental duties of the municipality as follow:

“A municipality must –

- a) Structure and manage its administration and budgeting and planning processes to give priority to basic needs of the community, and promote the social and economic development of the community and
- b) Participate in national and provincial development programs.”

Therefore, from the above preamble, the section seeks to protect and promote rights of vulnerable groups by coordinating the mainstreaming of their basic needs & interests whilst improving livelihoods of indigent families under distress.

3.15.1 Legislative Frameworks

- The Constitution of the Republic of South Africa (Act 108 of 1996)
- Local Government: Municipal Systems Act 2000 (32 of 2000)
- Older Person's Act 2006 (13 of 2006)
- Children's Act 2005 (38 of 2005)
- Prevention and Treatment of Drug Dependency Act, 1992
- District Crime Prevention Strategy
- Draft District Social Relief Policy
- Social Relief Fund Act 2003 (59 of 2003)
- South African Social Security Agency Act 2004 (9 of 2004)

3.15.2 Source of Funding

The only fund that the section depends upon is Equitable Share.

3.15.3 Projects/Programmes/Activities of the Section

- Moral Regeneration Life Skills Programs
- Early Childhood Development (ECD)
- Social Relief program(SRD)
- Child Protection Services

3.15.4 2022/23 Financial Year Achievements

- 10 ECD were supported with a Greening program (vegetables and fruit inputs)namely :-

1. INGQUZA HILL LM

Lithalethu preschool

Zamani preschool

2. PORT ST JOHNS LM

Masiphumelele preschool

Sinoxolo preschool

3. NYANDENI LM

Khanyisa preschool

Lower Rainy preschool

4. MHLONTLO LM

Thembelihle preschool

Mzomtsha preschool

5. KING SABATA DALINDYEBO

Vukuzenzele preschool

Nokanyo preschool

- 4 Quarterly (one per quarter) ECD forum meetings were held.
- Child protection, 75 foster parents were trained in the five local municipalities (15 per local municipality)
- 20 youth of kwaMantshayi in King Sabata Dalindyebo LM were trained for Moral regeneration life skills program.

3.16 Municipal Health Services

Environmental Health/Municipal Health Services is about creating and maintaining sustainable environments, which promote good public health. Environmental Health Services include a package of Municipal Health Services as defined in the National Health Act 2003, (Act No 61 of 2003). It also refers to the theory and practice of ascertaining, correcting, controlling and preventing those factors in the environment that can potentially adversely affect the health of present and future generations.

3.16.1 Illegal dumps

Environmental Health Practitioner (EHP) encourages the waste generators to dispose their waste to the landfill site or disposal site, in accordance to the Norms and Standards and prescripts e.g. National Environmental Management Act: Waste Act 59 of 2008. Any indiscriminately disposal of waste is discouraged as it results to the degradation of the land and environment and/or vermin that cause contagious and infectious diseases.

The annual target set was 100% of identified and reported illegal dumps to local municipalities. Illegal dumping, Illegal dumping was identified in Ingquza at the entrance of the Lusikisiki Pound/skiti and in KSD LM on the N2 by Ncambedlana Farms, N2 Bypass on the excavated land by Mpindweni junction/off ramp.

3.16.2 Communicable Diseases (Notifiable Medical Conditions)

A communicable disease is an illness that is transmitted through contact with disease-causing agents or microorganisms that cause an infection. Carriers of these microorganisms can include people, animals, food, surfaces, and air. There were investigated cases in Nyandeni LM, where 14 Learners had food poisoning after ingesting sour ball sweet, they were taken to St. Barnabas Hospital and there were nor admissions nor deaths. Ingquza Hill LM dog bite case in Ngqunge family. The annual target set was 100% of notifiable medical conditions investigated within 24hrs of reporting. Though following of the patients is very difficult and a tedious exercise/process at most the unit has managed to investigate all the reported cases of infectious/communicable diseases within the prescribed period of reporting.

3.16.3 Business Inspections

Inspections were conducted in low and high health risk business premises as part of inspections exercise. Focus was on food preparation premises (formal and informal), funeral Undertakers, and industries. Inspection's report, results of water and food samples were communicated to the respective business owners with clear recommendations. O.R. Tambo District Municipality has been authorized to enforce Food, Cosmetic and Disinfectant Act (FCD Act). That led to it achieving 100% on this target inclusive of food premises, environmental swabs and food samples.

3.16.4 Certificate of Acceptability

Certificate of Acceptability - is issued to a business that meets the acceptable health standards or such premise that complies with the conditions stipulated in the regulation. The DM is expected to issue Certificates of Acceptability in all existing food preparation premises that do in all respects comply with the provisions of Regulation 638. For the financial year in question the Municipal

Health Services section has issued Certificates of Acceptability only to food handling premises in compliance with the provision of the laid down regulation.

3.16.5 Water Quality Monitoring

The 1996 Constitution of the Republic of South Africa states that “everyone has the right of access to an environment that is not harmful to their health or wellbeing”. The primary responsibility of providing clean water rests with the municipalities. To ensure that the quality of water supplied on the premises complies with the specifications of the SANS 241 for drinking water, with regards to microbiological, chemical and physical quality. The following matter must have observed a constant supply of clean, safe potable water and should ideally have a pleasant appearance, taste, and odour. Environmental Health Practitioners regularly take water samples for bacteriological testing.

The annual target set 300 water samples taken and analysed by the National Health Laboratory Services the set target was achieved (100%). The water samples taken in the Municipal water in taps is found to be free of *Ecoli*. that is the bacteria that causes diarrhoea.

3.16.6 Waste Quality Monitoring (Waste Disposal sites)

Section 24 of the Constitution of RSA, which provides that “everyone has a right to an environment that is not harmful to their health or well-being; and to have the environment protected, for the benefit of present and future generations. National Norms and Standards for the environmental Health asset that the “health establishment (municipality) must ensure that waste is handled, stored, and disposed of safely in accordance with the law.” Environmental Health Practitioners in their day-to-day operations conduct inspection in all waste disposal sites and ensure that appropriate trash receptacles are located at the point of waste generation; and also ensure that better environment outcome is maintained; promote and protect human life, property and entire environment.

Environmental Health Practitioners further ensure that waste generators assess their waste in accordance with the Norms and Standards, prior disposal to the waste disposal site, however, this is not the case in our disposal sites as they do not meet the laid down health standards. Environmental Health Practitioner (EHP) encourages the waste generator to dispose their waste

to the waste disposal site. Any indiscriminate disposal of waste is discouraged as it results in the degradation of the land and environment and/or spread of vector-borne diseases.

The annual performance target was set at 10 inspections of waste disposal sites and MHS section worked beyond its capacity and managed to achieve 100%.

3.16.7 National Health Insurance (NHI)

National Health Insurance (NHI) - is a way of providing good health care services for all the citizens of the country (South Africans) through sharing of available financial resources for health care for all. It's being introduced to bring about reform that will improve service provision, and entails major changes in the service delivery structures, administration and management systems. In the process, O.R. Tambo District Municipality (ORTDM) was identified to pilot National Health Insurance (NHI). ORTDM established its National Health Insurance Forum (NHIF) in 2017. ORTDM in conjunction with the Department of Health are working tirelessly to ensure that NHICF convenes. The meeting was held in collaboration with the Disaster Management Forum as stakeholders are common in both forums.

3.16.8 Commemoration of World Environmental Health Day

The O.R. Tambo District Municipality, Municipal Health Services under the Department of Community Services hosted World Environmental Health Day Build up in King Sabata Dalindyebo LM in Ngangelizwe, Jonguhlanga J.S.S. with the theme 'Strengthening Environmental Health systems for the implementation of the sustainable development goals', this event was done on the 15 September 2022.

3.16.9 Vector Control

- Vector control is monitored in business, and in all other premises inspected in the District and recommendations are made in vector control management and guidelines given, and that a service provider conducting a vector control programme in business must be registered with a relevant body or department as the set prescripts.

COMPONENT E: SPECIAL PROGRAMMES

Special programs are performed under the Office of the Executive Mayor which is mandated to promote the wellbeing of designated groups (youth, gender, children, senior citizens, and persons living with disabilities) and the general welfare of O.R Tambo communities. The department also focuses on the implementation of poverty relief, prioritizing the vulnerable groups

The department is also responsible for the promotion of good governance and public participation by creating platforms for citizen participation and stakeholder engagement in the decision-making process of the municipality. It also strengthens stakeholder engagement by coordinating and engaging sectors that are instrumental in improving the livelihoods of communities in the district.

This department has a vacancy rate of 19%. The staff compliment as the end of June 2023 for the department is depicted in the table below:

Table 25: Employees – Executive Mayoral Services

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
167	136	31	19%

3.17 Executive Mayoral Office

- The SPU has to ensure that the development and needs of the designated groups are always priority in the development agenda as enforced by number of Acts, policies, charters as well as the Constitution of the Republic of South Africa.
- To spearhead public awareness and education for the promotion of mainstreaming youth, women, people with disabilities, elderly and children interests and programs issues into Government programs with extensive campaigns associated with national and international days.
- Coordination of government departments and other stakeholders in District to ensure that programs for designated groups are developed and implemented and further mobilize all vulnerable groups to be part of development plans and processes.
- Sector coordination and support to Local Municipalities
- Improved public participation and accountability through strengthening partnerships with community organisations and other forums of people's participation

- Strengthening local partnerships with the community based organisations to enhance service delivery.
- Developing programs to support youth councils in municipalities.

3.17.1 Summary of Programmes Implemented and Achievements

Below is a summary of programs and achievements in support of children, youth, women, men, senior citizens, and people with disabilities by the municipality through the Special Programs Unit

Programs for Children

In the year under review, the municipality through the SPU Children's Desk coordinated, supported, and implemented the following programs

Career Expo's

The unit coordinated and conducted two career expos with various stakeholders such as SANRAL, the Department of Education, Local Municipalities, and Walter Sisulu University as follows;

- Career Expos at Little Flower SSS (Mhlontlo), Riverside S.S (Nyandeni), Milton Mbekela S.S.S (KSD)
- Career Expo for improving matric results at O.R. Tambo Inland in Mhlontlo Local Municipality
-

School Support Programs

- School support programs implemented include the following;
- Matric Results Improvement and Celebration at Zamukulungisa S.S.S
- Distribution of Sanitary towels at Gaduka JSS., Thabazi SSS, Jkwana SS

Also, the SPU Unit through the children's desk provided support to the following programs

- Provincial Children's Day at Ingquza Hill.
- Children's Parliament-Workshop from 7th-9th October.
- Children End Year Program at SOS Children's Village

Programs for Youth

During the 2022/23 financial year, youth-targeted interventions were supported or implemented with various stakeholders including Walter Sisulu University, Eastern Cape Office of the Premier, and the South African Youth Council (SAYC) amongst others. This includes the following programs

- Youth Imbizo held at Mthatha Stadium
- Regional Assembly held at O.R Tambo Hall
- Women Empowerment targeting women youth
- GBV Roadshows in partnership with WSU Student Development and Support Services at WSU Zamukulungisa and NMD Campuses
- Youth Outreach Program

Women and men (gender)

Below is a gender-targeted intervention supported and implemented during the 2022/23 financial year

- Mass Prayer and March
- Men's Dialogue
- Gender Based Violence (Support Nyandeni LM)
- Clergy Tournam against GBV
- Provincial GBV Summit
- Sport against Crime & GBV at Ingquza Hill LM
- 16 Days of Activism
- Men's Parliament
- Men`s Imbizo On GBVF Against Children, Women, and People with Disabilities at Port St John's-
- Support to Mdumazulu Poultry Project with feed and layers
- The gender desk provided 200 broilers, Drinkers medication, and feed as well as seedling and manure

Senior citizens

The following programs were implemented to promote the well-being and the realization of rights for senior citizens;

- Awareness Campaign on Alzheimer's disease, golden games, and IDOP at Mqhekezweni- District Event

- Support to ex-combatant
- Supported Mqanduli Retirees and Community Development at KSD Local Municipality
- Anti-Elderly Abuse Awareness held at Ward 24, Ingquza Hill LM

People with disabilities

Below is a highlight of programs and support provided to persons with disabilities in the district

- Albinism Day
- Distribution of bags, Fleece Blankets, and Sanitary Towels to Masimanye Project for Disability in Flagstaff
- Disability Awareness at Ingquza Hill LM
- Support Disability Day
- Support to people attending National Sports for Persons with Disabilities
- Disability Awareness Event
- Human Rights Awareness for Disabled
- Supported Autism Awareness

HIV/AIDS and Initiation

The HIV/AIDS Unit has an important mandate of coordinating and promoting prevention and mitigation measures of HIV/AIDS and other communicable diseases in the district, as well as ensuring internal and external mainstreaming of HIV/AIDS-related programs. In the year under review, the following programs were implemented by the unit

- Supported Inkciyo Abstinence Program held in Qandu (PSJ LM)
- Distribution of Sanitary Towels during the Inkciyo Empowerment Program held in Mgwenyane Village.
- World AIDS Day was held at Port St. Johns Sports
- Launch of Local Aids Council in Mhlontlo LM.
- Launch of District AIDS Council
- Launch of Ingquza Hill LM LAC
- Inkciyo and teenage pregnancy awareness campaign held at Mhlontlo LM, Ward 14
- Co-hosted the Provincial World TB Day event at Mgwenyane Location, Nyandeni local municipality
- Induction of Ingquza Hill Local AIDS Council

3.17.2 Initiation Support

The O.R. Tambo District has been a hotspot for initiation deaths in the province. Every season there are reported initiation fatalities experienced by young men who went for traditional circumcision in the district. These fatalities are attributed to numerous factors such as botched circumcision, non-compliance to health and safety measures, the existence of illegal traditional surgeons and initiation schools as well as dehydration.

Therefore, in support of male initiation, ensuring safe initiation and thereby eliminating initiation fatalities in the district, the municipality conducted initiation awareness campaigns in the following schools

- Initiation Awareness campaign held at Ntilini SPS-14/03/20223
- Initiation Awareness Campaign held at Lurhasini SPS-14/03/2023
- Initiation Awareness campaign held at Mabalengwe SSS -15-03-2023.
- Initiation Awareness campaign held at Nyangilizwe SS - 15/03/2023
- Initiation Awareness campaign held at Mangala SPS -16/03/2023

Also, during the winter season traditional leaders were provided with transport to monitor and ensure the smooth running of all initiation processes.

3.17.3 Support to Sectors

The municipality also provides support to various sectors that are actively involved and championing the district's development agenda. This includes providing to development endeavors by sectors of society including Military Veterans, Traditional Leadership, and District Chaplaincy amongst others. In the year under review, support was provided to Gqubeni Royal House. The Royal House hosted its annual Heritage Day tournament and was supported by the municipality with;

- 4 Catering for two hundred (200) people
- 5 Five (5) Pole Tent
- 6 Twenty (20) Round Tables
- 7 Forty (40) Chairs
- 8 Two VIP Toilets (his/hers) and;
- 9 Sound System

3.17.4 Poverty Alleviation Programmes

The O.R. Tambo District has a low economy, high levels of poverty, unemployment, underdevelopment, and heavy reliance on government grants.

The development priorities of the district are accordingly directed at four areas: Alleviation of poverty and high levels of unemployment that contribute to the high crime rate; Access to basic services, housing, and social infrastructure, especially in more rural areas. Poverty Relief entails two fundamental programs aimed at addressing food insecurity and nutrition as well as sustaining needy households in the district through support with vegetable seedlings, gardening implements, and fruit trees.

The two established food security programs include the One Home One Food Garden and the One Tree One Child Program. Through the One Home One Food Garden program, the unit provided support to the following projects:

- 4 Provision of Potato and Cabbage Seedlings to Phumulo Youth Project
- 5 Provision of Potato and cabbage Seedlings to Mbayela Youth Project
- 6 Provision of seedlings and Manure to support St Andrew's Women project

3.17.5 Programs implemented in recognition of iconic figures (Nelson Mandela Month, Tambo Month, Youth Month)

The celebration of national and international icons includes programs and interventions conducted to commemorate the life and legacy of two struggle stalwarts and global icons, Nelson Mandela and O.R Tambo. Thus, the month of July is known as Mandela Month while October is also known as O.R. Tambo Month.

The department had an annual target of four programs to be conducted or implemented in recognition of recognition of iconic figures. However, only three (3) targets were achieved, namely;

- O.R Tambo Memorial Lecture held in October
- Cancer Awareness
- 1960 Pondo Revolt Commemoration, June 16 annual tournament in commemoration

COMPONENT G: SECURITY AND SAFETY

3.18 Disaster Risk Management

3.18.1 Legislative background

In line with international trends and our national objectives of efficient and effective management of local resources, O.R. Tambo disaster management policy underscores the importance of disaster risk reduction, integrated prevention of human fatalities, lifeline infrastructure, personal property, and the environment efficiently and effectively by tapping and improving in the following risk reduction capitals:

- Human,
- Economic,
- Political,
- Organisational,
- Financial,
- Natural, and
- Technological.

This is intended to ensure that the municipality using the District Development Model can contribute towards the realisation of the Millennium Development Goals, the National Development Plan and a disaster risk reduction based sustainable development. The district municipality through its disaster management policy framework using the human and political resource within its disaster management centre, advances an integrated disaster risk reduction and mitigation approach to its development initiatives, the development and application of integrated disaster preparedness measures aimed at ensuring efficient and effective disaster response, recovery, reconstruction and rehabilitation operations. The municipality seeks to realign itself towards implantation of programs, initiatives and projects that not only integrate disaster risk reduction but also mitigation and prevention measures.

The following pieces of legislation and policies have a bearing on the disaster management function:

- South African Constitution Act. 108 of 1996
- Disaster Management Act, 57 2002
- White Paper on Disaster Management
- National Disaster Management Framework

- National Disaster Management Guidelines
- National Disaster Management Regulations
- National Disaster Management Handbook
- Provincial Disaster Management Policy Framework
- O.R. Tambo Disaster Management Policy Framework
- DORA
- Municipal Systems Act
- Access to Information Act
- POPI Act
- Health Act
- Social Assistance Act, etc.

The primary responsibility for disaster management in South Africa rests with the government. In terms of section 41(l) (b) of the Constitution of the Republic of South Africa, all spheres of government are required to “secure the well-being of the people of the Republic”. Disaster management is listed as a functional area in Part A of Schedule 4 of the Constitution, meaning that both the national and provincial spheres of government are competent to develop and execute laws within this area and have powers and responsibilities in relation to disaster management. Disaster management has also been ‘assigned’ to local government through the promulgation of the Disaster Management Act, 2002 (Act no 57 of 2002).

The Disaster Management Act 57 of 2002 (as amended) is the primary legislation dealing with DM in the country. This Act provides for an integrated & coordinated disaster management policy that focuses on:

- Preventing or reducing the risk of disasters (Prevention);
- Mitigating the severity of disasters (Mitigation);
- Emergency preparedness;
- Rapid & effective response to disasters; and
- Post-disaster recovery and rehabilitation.

The Act also makes provision for the establishment and functioning of DM across all focal point spheres of government and access to disaster management volunteers; and matters incidental thereto.

3.18.2 Disaster Management function

In support of the core concepts of integration and uniformity the disaster management centre performs its duties in realisation of the four key performance areas (KPA) supported by three performance enablers (PEs) as follows:

KPA 1: Integrated Institutional Capacity for DRM

KPA 2: Disaster Risk Assessment (DRA)

KPA 3: Disaster Risk Reduction

KPA 4: Disaster Response and Recovery

PE 1: Information Management and Communication

PE 2: Knowledge management

PE 3: Funding

These KPAs and KEs are interrelated and should be implemented following cooperative governance and project management principles.

3.18.3 2022/23 Planned Targets and Achievements

The disaster management centre had 3 targets to achieve during this financial year, these were targets for the year 2022/23

- 1) Percentage of destitute households supported due to disaster – achieved
- 2) Number of District Disaster Risk profiles revised — Not achieved
- 3) Number of awareness programmes – achieved

3.19 Fire and Emergency Services

Fire and rescue services has a social mandate to save, property and preserve environment. Throughout history, fires have inflicted a heavy cost in human infrastructure, and damages to the environment in a manner capable of undermining socio-economic development. The risk of fire in South Africa is influenced by a variety of socio-economic factors notably the rising levels of urbanisation which often result in the informal settlement comprised of shacks built by highly combustible material and near each other in peri-urban which heighten the risk of fire in these areas. The danger posed by fire to human lives, infrastructure and the environment has been

demonstrated by some of the major fire that humanity has experienced over the years. The service operates under four key performance areas which narrated as follows:

- **Fire Operations** involve rendering of rescue, administration and emergency functions. This includes all day-to-day operations of the unit and all its four satellite fire stations.
- **Fire Prevention** which focuses on the application of legislation on prevention, mitigation and reduction of fire risks. It includes evaluation and analysis of building plans, advisory services, and risk analysis and compliance inspections to buildings.
- **Training** subunit involves undertaking in house trainings, simulations, drills and exercises. It also encourages readiness of equipment and personnel to deal with and respond to reported fire or other incidents requiring role of the service.
- **Fire Public Information, public education & public relations (PIER)** focus on fire prevention through the engagement of communities, the private sector and other key role players. The subunit also actively participates and facilitate operation and establishment of FPAs (Fire Protection Association).

3.19.1 Legislative Background

- Constitution of SA,
- Fire Brigade Services Act 99 of 1987,
- SANS 10090 - Community Protection against Fire,
- SANS 0400 - Building Regulations
- SANS 10087- LPG Installation
- SANS 10089- Flammable Liquids Installation
- National Veld Forest Fire Act 101 of 1998

3.19.2 2022/23 Planned Targets and Achievements

1. Percentage of fire and emergency incidents responded to within 60 minutes for areas within a 50 kilometres radius = 100%
2. Percentage of fire and emergency incidents responded to within 02 hours for areas more than 50 kilometres radius = 95%

3.19.3 Unit managed to achieve the following activities for the period under review:

1. Percentage of fire and emergency incidents responded to within 60 minutes for areas within a 50 kilometres radius = 100%
2. Percentage of fire and emergency incidents responded to within 02 hours for areas more than 50 kilometres radius = 95%

COMPONENT H: SPORTS AND RECREATION

3.20 Sports and Recreation

The unit is responsible for the co-ordination and facilitation of the development of sport and recreation initiative and activities within the O.R Tambo district municipality. This is executed having cognisance of sport and recreation activities as an instrument for social cohesion, nation building, mass participation, recognition of the marginalised group(people living with disability, women, disadvantaged communities).The aim of the unit is to liaise with the relevant stake holders, various spheres of government, The unit is also responsible for the management of the budget allocated to the unit for delivering the quality services in co-ordinating the sport and recreation initiatives.

3.20.1 Legislative Framework

- The Constitution of South Africa, 1996
- National Sports Plan
- White Paper on Sport and Recreation
- National Framework on Sport and Recreation

3.20.2 Sports and Recreation Programmes

- Support to Sport Development, facilitation, and coordination of programmes ranging from Local, District, Provincial, National and International arenas. (Mayor's Cup, O.R Tambo Games programme)
- Staging capacity building initiatives for sport and recreation administrators within the District Municipality
- Rendering support to sport for the vulnerable groups (people living with disability, women and disadvantaged)
- Rendering support to elite sport initiatives for the provincial national and international arena
- Assist in the provision of sport and recreation equipment to various schools, clubs, individuals and federations and sport confederation.
- Supported and coordinated the community social initiatives through sport e.g. Human Right Day in partnership with Ngqeleni Athletics Club.

3.21 Arts, Culture and Heritage

Arts, Culture & Heritage is being recognised as fundamental to the social-cohesion and economic development of the country. The government's policy for local arts, culture and heritage need to be seen overarching context of building a just and equitable society where citizens are enabled to enjoy the social-cohesion and economic benefits that flow from access to and participation in culture.

The aim of the unit is to develop and preserve ORTDM arts, culture, and heritage to ensure social cohesion and nation-building. It strives to promote and sustain economic development through influencing partnerships (Public Private Partnership). Focus is also directed to the strengthening of the liberation Heritage Route.

3.21.1 Legislative Framework

- The Constitution of South Africa, 1996
- National Heritage Council Act (No. 11 of 1999)
- National Art Council Act 1997, (No. 56 of 1997)
- National Resources Act (No. 25 of 1999)
- Culture Promotion Act (No. 35 of 1983)
- National Library of South Africa Act (No. 92 of 1998)
- White Paper on Arts, Culture and Heritage, 1996
- National Film Strategy, 2014

3.21.2 Functions of the Unit

- The unit is responsible for the co-ordination, facilitation, assistance and support to the LMs, sectors, stakeholders and individuals. It also facilitates, implement the development of Artistic, Cultural, and preservation of Heritage within the district municipality
- To provide support to associations of artists and to individuals involved in artistic and cultural initiatives
- To promote cultural interaction among different cultural components within the district as recognition of cultural diversity.
- To promote cultural interaction among different cultural components within the district including film development
- To encourage the development of a dynamic arts and culture sector
- To preserve and foster cultural values both at individual and collective levels
- To ensure the preservation of the heritage Liberation Route

3.21.3 2022/2023 Financial Year Plans and Achievements

The unit managed to achieve the following activities for the financial year under review:

- Supported Ingquza Hill Massacre Commemoration
- Staged the film development workshop
- Preserving the S.S Mendi site by landscaping and paving the site
- Supported the Choral and Opera Music Federation of South Africa
- Supported Masivuyisane Cultural ensemble as a developing art initiative

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.22 Executive and Council

The Executive arm of the municipality is politically headed by the Executive Mayor and administratively by the municipal manager. The district municipality is a non-delegated municipality with the Municipal Manager serving as the accounting officer and advisor to the Executive Mayor. The Executive Mayor has the power to elect a Mayoral Committee, which serves as an executive committee of council, to advise the Executive Mayor on executive decisions. The Mayoral Committee is made up of political Members of the Mayoral Committee (MMCs) which are equivalent to the number of executive departments within the municipality. For the year under review, they were equal to the number of previous departments. The Executive Mayor reports to Council on all executive functions subsequent to Mayoral Committee meetings.

The Council is the legislative arm of the municipality which is headed by the Council Speaker. The legislative arm houses councillors which serve on different oversight committees. The legislative arm has section 79 committees which are politically headed by chairpersons and these serve as oversight committees to administrative departments. The legislative committees report to and compile reports to council on their oversight function. The legislative arm also houses the Office of the Chief Whip, which impartially takes care of all interests of political parties serving in council.

3.22.1 Mayoral Committee Operations

The Municipality is governed in terms of an Executive Mayoral System. It has a functional Mayoral Committee in place, headed by the Executive Mayor, supported by the Deputy Executive Mayor and the members of the Mayoral Committee. The Mayoral Committee is appointed by the

Executive Mayor in terms of Section 60 of the Municipal Structures Act 117 of 1998 and its role is to assist and advise the executive mayor on the day-to-day business of the municipality. The Mayoral Committee of the municipality consisting of councillors who serve as Mayoral Committee members for the following:

- Budget and Treasury office
- Human Settlements
- Planning Research and IGR
- Special Programs Unit
- Technical Services
- Corporate Services
- Water, and Sanitation
- Community Services
- Rural Economic Development & Planning

The Mayoral Committee meetings sit monthly and a special mayoral committee is convened when the need or matters of urgency arises. During the 2022/2023 financial year, twelve (12) Mayoral Committee meetings were held.

3.22.2 Sectoral Engagements and Support

Engagement and support to sectors are integral for the municipality to develop and understand stakeholders' development views, needs, interests, and expectations as well as assisting the municipality with strategic decision-making. The Executive Mayoral Office supports several sectors that are instrumental in the livelihood of communities and business interests.

With the ultimate responsibility for sectoral engagement and support vested in the Executive Mayoral Office, the Sectoral Engagement Section is responsible for the Coordination of community involvement in the affairs of the municipality and for providing support to sectors where necessary. Of note, the section has the following desks responsible for ensuring that coordination and support is provided:

- Traditional Leadership
- District Chaplaincy and Interfaith
- Business Fraternity
- Military veterans

- Sectoral steering committee meetings

In the year under review, the following engagements by the Office of the Executive Mayor were recorded and achieved.

In addition to the engagements, the Methodist Church, Palmerton in Ingquza Hill received empowerment support from the Municipality when it hosted a three their 3-day Synod Programme.

3.22.3 Mayoral Imbizo's an IDP Roadshows

A total of five (5) Mayoral Imbizos were held in the 2022/2023 financial year in the form of IDP and Budget Roadshows which were held by various clusters across the district.

3.23 Financial Services

Financial services are performed under the Budget and Treasury Office which is headed by the Chief Financial Officer. The department is responsible for revenue collection, expenditure management, asset management and supply chain management. This department has a vacancy rate of 52%. Staff compliment as the end of June 2023 for this department is a depicted in the table below:

Table 26: Employees – Budget & Treasury Office

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
187	90	97	52%

3.23.1 Revenue Collection

With regards to municipal revenue, water supply remains a viable cost recovery mechanism and a primary source of revenue. Insufficient collection of revenue affects the growth of the municipal budget adversely hence the introduction of cost recovery measures. The aforementioned cost recovery measures will be enhanced by the review and development of financial policies that are to be tabled to Council for adoption.

The department has sought for alternative sustainable sources of revenue generation to boost the municipality's cost recovery mechanisms; to reduce reliance on grants; and improve budget growth.

3.23.2 Expenditure and Liability Management

Expenditure and Liability management is the responsibility of the accounting officer of the municipality, the Municipal Manager. Upon the instance where a municipality incurs unauthorized, irregular or fruitless and wasteful expenditure; the municipality must investigate the cause and hold a person responsible. According to section 32 of the Municipal Finance Management Act, the municipal council must elect/nominate a council committee to investigate the unauthorized, fruitless and wasteful expenditure.

OR Tambo currently sits at an inflated amount of unauthorized, irregular or fruitless and wasteful expenditure, which has been historically accumulated since time immemorial. The accumulation of this amount is the reason the 2017-2022 council delegated MPAC to investigate the deliberate or negligent authorization of a fruitless and wasteful expenditure.

The Committee presented a report to Council with the recommendations that some of the transactions should be condoned on the fact that there was value for money and the services were rendered. The committee then tabled the report to Council and the Council approved the condonement. In its approval the Council further requested the Committee to continue with further investigations of the remainder of the balance as well as the current irregular expenditure.

Irregular expenditure in the District is the result of the implementation of programmes and projects for water services and one of the major contributor is the agreement between the Municipality and Amatola Water Board which was crafted in line with the PFMA but does not comply with the MFMA. Moreover, the other major contributor is the composition of BAC which led to disagreement with AG. Para 29 of SCM regulation regulates composition of committee but is silent on the quorum, AG regarded composition as quorum and any less members' sittings, tenders awarded or recommended are included in irregular expenditure. Management is working tirelessly to regularize the contract of Amatola Water whilst engagements with AG on the BAC composition matter are continuing.

3.24 Corporate Services

Human resources functions in the district are performed under Corporate Services Department and is mainly responsible for the recruitment of staff members to the district through recruitment and selection policy which is currently in place. This department is the second with a high vacancy rate of 85%. Staff compliment as the end of June 2023 for this department is a depicted in the table below:

Table 27: Employees – Corporate Services

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
431	65	366	85%

3.25 Legal Services

The municipality has an in-house legal service department with a support model from private attorneys. The private attorneys are contracted through the panel and assist the municipality to advise, defend, and providing opinions on litigations or any legal matter. The institution manages the litigations through the register which is reported to management, the audit committee, and the Council on a quarterly basis.

For the year under review, the municipality has been able to manage, control, and reduce its litigation whilst also embracing a compliance culture. This can be demonstrated by the quantum of the litigations and their categories. Over 25% of the cases (matters) have been resolved and the institution has been able to move toward contingency assets, meaning that it is recovering costs from the individuals who unnecessarily took the municipality to court. All these have been disclosed in the Annual Financial Statements. Key matters that have been resolved over the year include the labour and plea for reinstatement by officials who were subjected to disciplinary processes for the misconduct. The legal service will continue to be strengthened in order to ensure that the assets of the municipality are safeguarded as required by the Municipal Finance Management Act 56 of 2003, Section 62.

3.26 Oversight for Service Delivery

Oversight for service delivery functions in the district are performed under Legislative Services Department. This department has a vacancy rate of 15%. Staff compliment as the end of June 2023 for this department is depicted in the table below:

Table 28: Employees – Legislative Services

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
59	50	9	15%

The Legislative Services Department acts as the legislative arm of the municipality by being the home of the District Municipality Council. The Council is the highest decision-making body within the municipality and remains independent to the executive arm.

One of the instrumental role (s) the Legislative Department plays is that of municipal oversight in all service delivery initiatives implemented by the executive. Legislative Services Department took an extra mile at improving oversight and accountability by implementing the Municipal Oversight Model (MoM). The background relates to Council of O.R. Tambo District Municipality taking a resolution in September 2013 on the implementing the Separation of Powers. This came as a mandate from the ruling party to pilot the model in O.R. Tambo District Municipality. The Council of O.R. Tambo District Municipality, after adopting the concept of Separation of Powers in 2013, did not have a guiding document in playing its oversight role, hence the Sector Oversight Model (SOM) (used by legislatures) was customized by the municipality, with the assistance of technical experts, to suite the municipal environment. It was therefore referred to as Municipal Oversight Model (MOM). In 2015 the Council adopted the MOM.

After the adoption of Separation of Powers, the Council of O.R. Tambo achieved the following critical milestones that assisted towards the successful implementation of the Oversight Model:

- Restructuring of Section 79 Committees
- Amended Council Standing Orders
- Development of Terms of Reference for S79 Standing & Portfolio Committees
- Development and adoption of Committee System

- Development of Committees and Research Process Maps
- Development of Council Agenda Process Flow
- Development of Committee Analysis Tool
- Alignment of Committee Oversight Reports with Covac Framework.

For smooth implementation of the MOM, the Council had to restructure its Section 79 Committees in a way that will enhance effective oversight. Each municipal department is being oversighted by a Portfolio Oversight Committee that is chaired by a non-executive councillor. O.R. Tambo District Municipality has the following 8 Section 79 Portfolio Oversight Committees:

- Water and Sanitation Services : Chaired by Cllr Ngxamile
- Budget and Treasury and Internal Audit : Chaired by Cllr Vanda
- Corporate Services : Chaired by Cllr Zondani
- Community Services Portfolio : Chaired by Cllr Madolo
- IGR, Planning, Research & Policy Development : Chaired by Cllr Vava
- Human Settlement : Chaired by Cllr Ncapayi
- Rural Economic Developmental Planning : Chaired by Cllr Ntshuba
- Special Programs & Social Services : Chaired by Cllr Matanda

According to MOM, each Portfolio Oversight Committee must focus on the following imperatives in each financial year:

- IDP & Budget
- SDBIP
- AG's Report based on Annual Financial Statements
- Focused Intervention Study Report
- Annual Report
- 1st Quarter Report
- 2nd Quarter Report
- 3rd Quarter Report
- 4th Quarter Report

When interrogating each report, the committee chairperson has to follow these steps:

- Step 1: Speaker refers the report to COMMITTEES (Chair of Chairs
- Step 2: Chairperson and Committee staff analyse the report in line with Municipal Oversight Model (MOM) Analysis Tool
- Step 3: Chairpersons Obtain briefing from Researchers / Committees Officers/Legal Advisor/ Public Participation Officer
- Step 4: Chairperson and Committee Staff Develop preliminary questions
- Step 5: Chairperson and Committee Adopt preliminary questions and send to the Member of the Executive
- Step 6: Chairperson and Committee Receive responses to preliminary questions
- Step 7: Chairperson analyses responses & call for a hearing
- Step 8: Chairperson Convenes a hearing for the Executive to account
- Step 9: Chairperson and Committee make findings, draft report, adopt the oversight report
- Step 10: Chairperson Reports back to Chair of Chairs, then to Speaker
- Step 11: The Chairperson presents the Oversight Report in a Council meeting

The above steps are time consuming and they need to be concluded within 6 weeks for each report.

For each Oversight report to qualify for council adoption, it has to be in line with Committee Oversight & Accountability (COVAC) Framework. This framework is too technical, but demands in-depth understanding and involvement of the Chairperson for effective oversight. In line with COVAC framework, the Chairperson analyses each report looking at the following areas:

- Outcomes (inclusive of the Political Priorities)
- Other National, Provincial, District political and strategic priorities
- Other Oversight Bodies (e.g., CH 9 / CH10 – AGSA etc.)
- Oversight on Technical Performance, Compliance and Quality
- Oversight on Strategic Achievements
- Oversight on Financial Performance (Budget expenditure) (and avoidance / reduction of fruitless and wasteful expenditure)
- Oversight on Meaningful Public Involvement
- Oversight on Resolutions Management (Council and Committee Resolutions)

The above oversight analysis has yielded to positive performance and Audit outcomes in the municipality when comparing the past 6 years. Before the Model was introduced, the Audit Opinion from 2011/12 to 2013/14 the Municipality received disclaimer opinion; meaning the Municipality was unable to provide evidence to substantiate what has been disclosed in the Annual Financial Statements and Annual Performance Report. The stagnation in the audit outcome was due to leadership instability, vacancies in top management, a culture of good governance and accountability not being embedded, and practices that promote clean administration not being entrenched within daily, weekly and monthly activities. The ineffectiveness of governance structures also called into question the reliability of the evidence obtained and the authenticity of the accounting records and documentation.

After the implementation of the Oversight Model, the Audit Opinion changed drastically. From 2014/15 to 2016/17 the Municipality received qualifications. In 2016/17 financial year, the municipality received a Qualified Audit Opinion from the AG with one qualification item. The qualification item was the Irregular Expenditure from prior years, going as far back 2012-2013, which was not investigated by Council.

The above analysis clearly shows that the Chairpersons of Section 79 Portfolio Committees played a very big role in improving municipal performance.

However, since the Chairpersons of Section 79 Portfolio Committees are not part-time, the quality of oversight work gets compromised and tends to be influenced by officials.

3.27 Monitoring, Reporting and Evaluation

Monitoring, Reporting and Evaluation unit is under the Office of the Municipal Manager which is led by the Director together with other functions such as Risk Management, Legal Services, Integrated Development Plan, Intergovernmental Relations, Communications and the management of the Municipal Managers office.

This department has a vacancy rate of 68%. Staff compliment as the end of June 2023 for this department is a depicted in the table below:

Table 29: Employees – Office of the Municipal Manager

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
44	14	30	68%

3.27.1 Monitoring, Reporting and Evaluation

The performance management system in ORTDM has been driven by a Performance Management Policy/ Framework that was developed and adopted by the Council together with the Budget related policies in May 2017. This policy/framework provided an overarching framework for managing performance in the district. Strategically, the performance management system used by the ORTDM focused on supporting the realisation of the Municipality's development objectives, the achievement of predetermined results and promoting compliance with the statutory requirements. The policy/framework has been reviewed and adopted by council on 30 June 2023.

The district continued to use manual reporting system while the process of procuring an electronic system was underway. The procurement process was finalised during quarter 3 but implementation was planned for the first quarter of the new financial year.

Management of the municipality is held accountable for municipal performance through their Performance Agreements. However, the Municipality still has not performed any performance evaluation since the year 2018/19.

There is further an Audit Committee which performs oversight on institutional performance. The structure and its work is further supplemented by the Municipal Oversight Model, wherein there are Council committees per department that provide oversight of the performance. All these play a significant role in improving reporting systems and in strengthening accountability. For the financial year under review only the Audit Committee remained functional. The oversight committees are behind with their work due to institutional instability.

3.28 Internal Audit Services

There is an in-house Internal Audit function that is independent and that reports directly to the Audit Committee with dotted line responsibilities to the Municipal Manager. Currently the Internal Audit function has 8 staff members and 43% vacancy rate.

Table 30: Employees – Internal Audit

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
14	8	6	43%

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It assists an organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The situation in the district is as follows:

- Nyandeni, Ingquza Hill, King Sabata Dalindyebo and Mhlontlo Local Municipalities have functional internal audit functions, whereas Port St Johns Local Municipality, its Agency as well as Ntinga OR Development Agency are fully supported by the District Municipality, as the audits are performed by the District Internal Auditors;
- Audit committees in all the Local Municipalities are in place and functional;
- Ad-hoc support is provided to municipalities with functional internal audit units upon request i.e., Nyandeni LM, KSD LM and Ingquza Hill LM;
- All municipalities in the district have been audited by the Auditor General for the financial year;
- Furthermore, the District Municipality has since established a District Internal Audit Forum during the 2016/2017 financial year, and is of convening with the local municipalities twice a year for the purposes of information sharing.

Key challenges that have been identified in this area include the following:

- audit issues identified raised by AG are not fully addressed as per the management audit action plan.
- recommendations made by Internal Auditors not fully implemented;

3.28.1 Audit Committee

The district municipality has a functional Audit Committee. The committee has skills to address financial matters, risk management and audit matters, performance management issues and legal issues. The functions of the Audit Committee are performed within the parameters of the Council-approved Audit Committee Charter. The Charter was approved in August 2021. The Audit Committee sits quarterly and its reports are submitted to Council.

The following table (Table 68) summarises the status of audit committees in the DM and the five LMs in the District:

Table 31: Status of Audit Committees

Name Of the Organization	Audit Committee Status
Ntinga O.R. Tambo Development Agency	Committee is in place
Port St Johns Local Municipality	Committee is in place
King Sabata Dalindyebo Local Municipality	Committee is in place
Ingquza Hill Local Municipality	Committee is in place
Nyandeni Local Municipality	Committee is in place
Mhlonlto Local Municipality	Committee is in place

Table 69 below summarises the status of the internal audit function in the DM and the five LMs in the District:

Table 32: Status of Internal Audit Function

Name Of the Organisation	Internal Status
Ntinga O.R. Tambo Development Agency	Shared with District Municipality i.e., fully supported by the District Internal Audit unit
Port St Johns Local Municipality	Shared with the District Municipality i.e., fully supported by the District Internal Audit unit
Port St Johns Development Agency	Shared with the District Municipality i.e., fully supported by the District Internal Audit unit
King Sabata Dalindyebo Local Municipality	In-house function but supported by the District on an Ad-hoc basis and attendance of Audit Committee meetings

Name Of the Organisation	Internal Status
Ingquza Hill Local Municipality	In-house function but supported by the District on an Ad-hoc basis
Nyandeni Local Municipality	In-house function but supported by the District on an Ad-hoc basis and attendance of Audit Committee meetings
Mhlontlo Local Municipality	In-house function but supported by the District on an Ad-hoc basis and attendance of Audit Committee meetings

3.29 Communications

Municipalities must ensure that they have a Communications Unit that empowers and encourages citizens to participate in democracy and improve the lives of all. This should ensure coherence of messages, open and extended channels of communication between the municipality and the people towards a shared vision. The District Municipality has a Communications Unit.

A District Communicators Forum (DCF) has been established and is functional. Over the past year there has been maximum participation of local municipalities, sector department and government entities in the quarterly DCF meetings. This year the District has been used for benchmarking in provincial communication platforms to share best crisis management practices as well as best practices on the use of digital tools to communication widely. This growths has even translated to a more positive perception about the municipality and the services it renders.

Issues pertaining to the communication cluster are attended to by the relevant LMs. Communicators have been inducted on the role that they need to play in their respective municipalities. A Communication Strategy and Plan and the Communication Plan was approved by Council this financial year.

The political and administrative leadership have been using the various platforms to actively communicate the programmes of the municipality.

One of the flagship programmes of the district is the District Development Panel Discussion that was launched in August 2022 where the district Mayor joined by the local Executive Mayor and Mayors use all community radio stations in the district to update members of the community about government programmes on a quarterly basis.

The communication system of O.R. Tambo is maturing. However, there are still a number of noticeable challenges that need improvement. They are the following:

- non- centralised communications;
- communications units not sufficiently resourced in terms of Human Resources and finances (PSJ communications units has no Head only has one official in the LM);
- inconsistency in updating information in the municipal websites;
- negative perceptions in the Media;
- inconsistency in attendance of the DCF by some municipalities;
- lack of Corporate Identity;
- varying and inconsistent communication (internal and external);
- internal communication is not done properly;
- communication with external institutions that is poorly managed/channelled;
- service delivery communication to LM and communities;
- no clear communication between DM and LM councils (especially DM and LM council decisions);
- no proper coordination of communication in the district; and
- Non-responsive Communication Strategy.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Table 33: Organisational Performance Scorecard

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURAL DEVELOPMENT

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Annual Targets 2022/23	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
WATER SERVICES	Water & Sanitation Services	1. To provide reliable (quality) water, sanitation, energy and digital services	1_1_1_P001	1. Percentage compliance of Drinking water quality	P001 Water Quality	R 5 964 000	88%	95%	89%	Performance not fully effective	The minor variance of 6% is mainly caused by the failures on the analysed samples as well as inability to sample other points due to unavailability of water.	Refurbishments have been under way to get all these systems back to operations. The department will be reviewing the entire sampling programme to eliminate the sampling points that have no water by July when full SANS 241 is conducted.
WATER SERVICES			1_1_2_P002	2. Percentage compliance of wastewater effluent quality	P002 Effluent Quality		59%	93%	57%	Performance not fully effective	The percentage compliance is 57% against the minimum standard of 93% from SANS 241-15. This has been due to ineffective operations and maintenance of Wastewater facilities, shortage of staff to operate wastewater facilities as well as dilapidated wastewater infrastructure. Resulting to some of the systems (Mthatha WWTW, Tsolo Ponds) not being sampled and affecting the calculated percentage as they are registered on the system.	Tsolo Ponds: The effluent is retained to the ponds for settlement before discharged into the river hence there has been no sampling taking place. Long term solution for decommissioning of the ponds is dependent on commissioning of Tsolo WWTW which has the the M&E component outstanding and is prioritised for the next financial year. Mthatha WWTW is currently receiving very minimal effluent due to non-functional pump stations and blocked pipelines and the plant is inaccessible for outflow sampling due to issues of no fence on the outlet exposing the Samplers to the near burglars. Refurbishments of the plant including fencing has resumed as of June 2023 with budget approved through WSIG. Work is expected to be completed by January 2024 while the refurbishment of the pump station is in progress with 9 out of the 13 pump stations working and the remaining expected to be all operational by August 2023.

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Annual Targets 2022/23	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
BUDGET & TREASURY OFFICE (BTO)	Operations & Maintenance	2. To expedite the reduction of water and sanitation backlogs	1_1_3_P003	3. Number of indigent registers reviewed and updated	P003 Free Basic Services	R 0	1	1	1	Fully effective	N/A	N/A
WATER SERVICES			1_2_1_P004	1. Number of households with access to basic level of water services	P004 Access to water services	R 20 626 578	1184	1170	1177	Fully effective	N/A	N/A
WATER SERVICES			1_2_2_P005	2. Number of households with access to basic level of sanitation services	P005 Access to sanitation services	R 46 998 798	1289	4082	2133	Performance not fully effective	The target was not fully effective as the planned Sanitation projects had delays due to scarcity of blocks, inclement weather and slow progress by contractors due to cash flow projections.	Means of fast-tracking progress has been applied inclusive of use of concrete pit lining instead of blocks which was approved by Council.
WATER SERVICES			1_2_3_P006	3. Total volume of water delivered by water trucks (kiloliter)	P006 Water Carting	R 3 000 000	30.7	64800	24264,5	Unacceptable performance	Target not achieved due to trucks that broke down and there was no budget to hire trucks to provide the service	The department has to maintain or refurbish the existing schemes. Tender for water tankers has been advertised and is in bid processes. Repairs of the municipal trucks has been budget and will be done in the new financial year.
WATER SERVICES			1_2_4_P007	4. Number of households with sludge removed	P007 VIP Sludge Management	R 7 200 000	N/A	1300	1798	Outstanding performance	Target overachieved as a result of many requests made by the councillors	N/A
WATER SERVICES			1_2_5_P008	5. Number of Water Treatment Works/Wastewater Treatment Works (WTW) maintained	P008 Maintenance of existing water treatment works	R 0	2	14	14	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Annual Targets 2022/23	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
WATER SERVICES			600P_9_2_1	6. Number of stand-alone schemes maintained/refurbished	P009 Maintenance/Refurbishment of stand-alone schemes	R 3 500 000	20	10	15	Outstanding performance	Target overachieved due to high rate of scheme vandalism and break downs which resulted into people not having water	N/A
WATER SERVICES	Water Losses	3. To reduce water losses and non-revenue water by 2027	1_3_1_P010	1. Number of bulk/zone meters refurbished/installed	P010 Water Conservation and Demand Management	R 400 000	N/A	1	2	Outstanding performance	Both meters at Tsolo WTW were not functional and that necessitated replacement.	N/A
WATER SERVICES	Call Centre Management	4. To improve response time to complaints raised at the call center	1_4_1_P011	1. Percentage of callouts responded to within 24 hours (water & sanitation)	P011 Customer Care	730 000 R	N/A	50%	70%	Outstanding performance	Target overachieved as a result of improved relations between Operations and Maintenance and Customer Care. As well as additional vehicles provided to O&M and Customer Care.	N/A
TECHNICAL SERVICES	Roads and Transport	5. To coordinate IGR Structures and intervene in the implementation of transport, roads and electricity	1_5_1_P012	1. Number of Consolidated reports from the forums	P012 Roads and Transport Forum	R 0	N/A	3	1	Unacceptable performance	The Transport Forum meetings could not sit due to the unavailability of the chairperson.	Seek alternative MMC to chair until the Chairperson returns to work
TECHNICAL SERVICES	Roads and Transport		1_5_2_P013	2. Number of Quarterly RAMMS reports	P013 Roads Asset Management Program	R 3 143 000	N/A	3	3	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Annual Targets 2022/23	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
TECHNICAL SERVICES	Facilities Management	6. Provision of new accommodation and maintenance of municipal facilities	1_6_1_P014	1. Number of buildings condition assessment reports	P014 Building Condition Assessment	R 2 586 778	N/A	2	0	Unacceptable performance	The building assessments project has not commenced due to increase in the scope of works which included all the institutions Plants and satellite offices. Change of scope resulted in change of approach in procurement process (tender process)	Appoint Panel for Quantity Surveyors services in the new financial year who will conduct building assessments.
TECHNICAL SERVICES			1_6_2_P015	2. Number Approved Facility Management Plans	P015 Facility Management plan		N/A	1	1	Fully effective	N/A	N/A
TECHNICAL SERVICES			1_6_3_P016	3. Number of Milestones completed in maintenance of municipal facilities	P016 Building Maintenance		N/A	3	3	Fully effective	N/A	N/A
TECHNICAL SERVICES			1_6_4_P017	4. Number of Approved Building Maintenance Plan	P017 Building Maintenance Plan		N/A	1	1	Fully effective	N/A	N/A
TECHNICAL SERVICES	Facilities Management	7. Coordination and Provision of Sustainable integrated Human Settlement	1_6_5_P018	5. Number of milestones completed towards the construction of Disaster Centre	P018 District Disaster Management Centre	R 6 600 000	2	2	1	Performance not fully effective	The project is on hold due to non-payment of the service provider	Ensure payment of the service provider's outstanding amount, so they can return to site.
HUMAN SETTLEMENTS	Integrated Human Settlements		1_7_1_P019	1. Number of houses built for emergency housing situations	P019 Emergency Housing	R 48 000 000	70	210	222	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Annual Targets 2022/23	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
HUMAN SETTLEMENTS	Integrated Human Settlements		1_7_2_P020	2. Number of District Human Settlements Strategy reviewed	P020 Human Settlements Strategy reviewed	R 635 000	N/A	1	0	Unacceptable performance	The project commenced late due to procurement of a service provider.	The process to review the strategy is currently on the final stages (the Implementation or project Phase). The strategy will be completed in quarter 1 of 2023-24.
HUMAN SETTLEMENTS	Integrated Human Settlements		1_7_3_P021	3. Number of Local Municipalities supported to develop Housing Sector Plans	P021 Housing Sector Plans	R 765 000	N/A	2	0	Unacceptable performance	The project commenced late due to procurement of a service provider.	The process to review the Nyandeni and PSJ Sector Plans are currently on the final stages (the Implementation or project Phase). The plans will be completed in quarter 1 of 2023-24.
HUMAN SETTLEMENTS	Integrated Human Settlements		1_7_4_P022	4. Number of houses built for social relief	P022 Social Relief	R 900 000	N/A	2	2	Fully effective	N/A	N/A
COMMUNITY SERVICES	Environmental and Waste Management	8. To recycle 12000 tons of recyclable waste by 2026	1_8_1_P023	1. Tons of waste recycled	P023 Regional Recycling	R 1 300 000	1599	285	286 tons	Fully effective	N/A	N/A
COMMUNITY SERVICES	Environmental and Waste Management	9. To ensure that at least 80% of projects comply with environmental regulations	1_9_1_P024	1. Number of monitoring and evaluations conducted on MIG projects in compliance with Environmental Impact Assessment (EIA) implementation	P024 Environmental Impact Assessment Screening	R 0	60	80	80	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Annual Targets 2022/23	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
COMMUNITY SERVICES	Social Development	10. To improve the well-being of vulnerable groups and general welfare of O.R Tambo communities	1_10_1_P025	1. Number of early childhood development centers supported	P025 Early Childhood Development	R 139 731	N/A	10	10	Fully effective	N/A	N/A
COMMUNITY SERVICES	Community Safety	11. To facilitate support in improving safety and crime reduction within the district	1_11_1_P026	1. Number of safety & crime prevention initiatives supported	P026 Safety & Crime Prevention Initiatives	R 525 600	6	15	15	Fully effective	N/A	N/A
COMMUNITY SERVICES	Municipal Health Services	12. To provide quality municipal health services to the population of the District	1_12_1_P027	1. Number of programmes implemented as per National Environmental Health Scope of Practice and National Environmental Health Norms and Standards	P027 District Municipal Health & Environmental Plan	R 529 166	10	11	11	Fully effective	N/A	N/A
COMMUNITY SERVICES	Sports, Recreation, Arts, Culture, Heritage, Libraries Information & Education Services	13. To facilitate and coordinate Sport, Recreation, Arts Culture, Heritage Development Practice, Library Usage and Education Services	1_13_1_P028	1. Number of sports, recreation, arts, culture, heritage, library and education services supported	P028 Sports, Recreation, Arts, Culture, Heritage, Libraries and Education Services	R 435 222	2	10	10	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Annual Targets 2022/23	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
COMMUNITY SERVICES	Disaster Risk Management & Fire Services	14. Promote sustainable livelihood and climate change adaptation by improving community resilience to disaster risks	1_14_1_P029	1. Percentage of destitute households supported due to disaster	P029 Disaster Impact Assessment and Relief	R 1 700 000	100%	100%	41%	Unacceptable performance	The district had the most disasters in the during quarter 3 and therefore demand was very high. Due to limited budget the district could not support all affected households. Other delays were caused by assessments that were done late.	Other households were supported by other stakeholders
COMMUNITY SERVICES	Disaster Risk Management & Fire Services	15. To ensure that fire and emergency incidents are responded to within the required turnaround times	1_15_1_P030	1. Percentage compliance with the required attendance time for structural firefighting incidents	P030 Compliance with Structural Fire Incidents	R 650 000	100%	100%	98%	Performance not fully effective	Target not achieved due to condition of roads impacting on travel speed of a trucks more especially when the truck is carrying water.	The department will engage IWS department to assist in the installation of fire hydrants in the municipal reservoirs. This will assist in improving response time in terms of distance and time taken.
EXECUTIVE MAYORAL SERVICES	Children & Education	10. To improve the well-being of vulnerable groups and general welfare of O.R Tambo communities	1_10_2_P031	2. Number of Special Programmes Unit initiatives implemented for children, young people, women, elderly, people living with disabilities, male initiation, HIV/aids and other communicable diseases	P031 Social Cohesion Programmes	R1 380 249,62	4	50	52	Fully effective	N/A	N/A
EXECUTIVE MAYORAL SERVICES	Youth, Women and People with Disabilities		1_10_3_P032	3. Number of poverty eradication programmes	P032 Poverty Eradication Programmes	R 400 000	4	4	4	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Annual Targets 2022/23	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
EXECUTIVE MAYORAL SERVICES	National & International Icons Celebrations	16. To instill a sense of community through the organisation of special events	1_16_1_P033	1. Number of National and Internationally aligned programmes implemented in recognition of iconic figures	P033 National and International Icons celebration (Nelson Mandela month, OR Tambo month, Youth month etc.)	R339 750.35	N/A	2	2	Fully effective	N/A	N/A

KPA 2: LOCAL ECONOMIC DEVELOPMENT

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
RURAL ECONOMIC & DEVELOPMENT PLANNING	Rural Development (spatial planning of the region)	1. To assist municipalities enhance land use management & spatial planning to respond to socio-economic issues.	2_1_1_P034	1. Number of Local Spatial Development Frameworks developed/reviewed	P034 Spatial Development Framework	R 0	2	1	0	Unacceptable performance	The Lusi Park Precinct Plan project was cancelled due a delay caused by an appeal from one of the service providers after "Intention to award Bids" was published on the ORTDM Website on the 29 November 2022. The REDP Department was informed in March that the matter was settled, and the Department informed BTO that it was impossible to complete the project(s) in remaining 4 months, and therefore the target would be moved to 2023/24 FY.	The Lusi Park Precinct Plan is planned for the 2023/24 FY
RURAL ECONOMIC & DEVELOPMENT PLANNING	Rural Development (spatial planning of the region)		2_1_2_P035	2. Number of SPLUMA initiatives conducted	P035 SPLUMA	R 860 000	2	5	5	Fully effective	N/A	N/A
RURAL ECONOMIC & DEVELOPMENT PLANNING	Agricultural Development, Agro-Processing and Food Security	2. To boost agricultural contribution, agro-processing.	2_2_1_P036	1. Number of partnerships programs implemented to boost agriculture and food security	P036 Agriculture and Agro-Processing Partnerships Programs	R 2 500 000	N/A	15	15	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
RURAL ECONOMIC & DEVELOPMENT PLANNING	Agricultural Development and Agro-Processing		2_2_2_P037	2. Number of Rural Agro-Industrial programmes developed and implemented	P037 RAFI (Rural Agro-Industrialisation Finance Initiative) Implementation	R 4 000 000	3	4	3	Performance not fully effective	RAFI Beef Community engagement meeting that was supposed to be held on the third quarter was conducted on the fourth quarter.	We have to stick to our schedule in near future
RURAL ECONOMIC & DEVELOPMENT PLANNING	Investment Promotion, Economic Infrastructure Development, and Economic Planning & Research	3. To Promote Investment, Economic Infrastructure Development, and Economic Planning & Research	2_3_1_P038	1. Number of programs implemented to grow district economy	P038 Aquaculture and Coastal Development Partnership Programs	R 0	N/A	4	3	Performance not fully effective	The LED review strategy was funded externally and funder took time to confirm funding and completion of co-ordination of other external stakeholders	The LED review strategy will be done the 2023/24 financial year
RURAL ECONOMIC & DEVELOPMENT PLANNING	Enterprise and Co-operatives Development	4. To provide Support to Entrepreneurs, Co-operatives, SMMEs and Create Employment Opportunities	2_4_1_P039	1. Number of Programmes/Initiatives Implemented to Support Informal Trade, Enterprise /Co-operatives/SMMEs	P039 Informal Trade, Enterprises, Cooperatives and SMME's Support	R 3 184 171	4	9	12	Outstanding performance	The Pop-up market target was planned for the 3rd Quarter. It was never implemented due to lack of funds hence it was then implemented in the Quarter.	N/A
COMMUNITY SERVICES	Green Economy	5. To establish a fully functional value chain recycling programme	2_5_1_P040	1. Number of programmes implemented on Regional Recycling	P040 Recycling	R 1 300 000	14	12	12	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
COMMUNITY SERVICES	Environmental and Waste Management	6. To improve air quality and environmental management in the district	2_6_1_P041	1. Number of Environmental management projects implemented	P041 Environmental Management		16	18	19	Fully effective	N/A	N/A
RURAL ECONOMIC & DEVELOPMENT PLANNING	Rural Development (Tourism development and marketing)	7. To promote tourism development in the district	2_7_1_P042	1. Number of tourism development initiatives supported and conducted	P042 Tourism Development	R 770 000	6	17	17	Fully effective	N/A	N/A
TECHNICAL SERVICES	Employment creation	8. To provide Support to Entrepreneurs, create employment Opportunities and boost investment to grow the district economy	2_8_2_P043	2. Number of work opportunities created by the municipality through Public Employment Programmes (incl. EPWP, CWP and other related employment programmes)	P043 Expanded Public Works Program	R 11 542 000	3461	3997	1172	Unacceptable performance	Target not achieved due non availability of resources for reporting, such a transport for verification and laptops.	Laptops have been received in July. The municipality still needs to make provision for the vehicle in the new financial year.

KPA 3: FINANCIAL MANAGEMENT AND VIABILITY

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
BUDGET & TREASURY OFFICE (BTO)	Revenue Management	1. To effectively and efficiently manage and grow the district municipality's revenue through a mix of revenue management, enhancement and protection strategies	3_1_1_P044	1. Percentage Collection Rate	P044 Collection Rate	R 0	82%	80%	63%	Performance not fully effective	<ol style="list-style-type: none"> 1. IT infrastructure challenges resulting in statements not sent to consumers. 2. Bad state of office building with no network, faulty electricity. 3. Consistent water disruptions and cut offs resulting in reluctance of payment. 4. Bad state of satellite offices with no infrastructure, 5. Non availability tools of trade 6. Delays in recruitment 	<ol style="list-style-type: none"> 1. Upgrading of IT infrastructure. 2. Appointment of service provider to deliver statements whilst the ICT infrastructure is upgraded 3. Fast track implementation of retail cash points (easy pay) 4. Fast track recruitment in revenue management section 5. Repair and construction of revenue office buildings in all LMs 6. Prioritise procurement of working tools for revenue section 7. Install prepaid meters in some areas. 8. Consider appointment of debt collector
BUDGET & TREASURY OFFICE (BTO)			3_1_2_P045	2. Cost coverage Rate	P045 Cost coverage	R 0	1 month	1-3 months	1-3 months	Performance significantly above expectations	<ol style="list-style-type: none"> 1. Some of the invoices are in accruals and will be paid in July 2. Overtime has been managed resulting in more funds available for institution 3. After the accruals are taken into account, the cost coverage remains 4 months 	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
BUDGET & TREASURY OFFICE (BTO)			3_1_3_P046	3. Revenue collected against projections	P046 Revenue Collection	R 0	R297.3 million	R305,3 million	R241.1 million	Performance not fully effective	<ol style="list-style-type: none"> IT infrastructure challenges resulting in statements not sent to consumers. Bad state of office building with no network, faulty electricity. Consistent water disruptions and cut offs resulting in reluctance of payment. Bad state of satellite offices with no infrastructure, Non availability of tools of trade Delays in recruitment 	<ol style="list-style-type: none"> Upgrading of IT infrastructure. Appointment of service provider to deliver statements whilst the ICT infrastructure is upgraded Fast track implementation of retail cash points (easy pay) Fast track recruitment in revenue management section Repair and construction of revenue office buildings in all LMs Prioritise procurement of working tools for revenue section Install prepaid meters in some areas. Consider appointment of debt collector
			3_1_4_P047	4. Projected returns in high-earning future investments	P047 Cash Investment	R 0	R10 million	R29.9 million	R39.8 million	Outstanding performance	Investing in short term investments yielding high rate of interest	N/A
			3_1	5. Debt coverage	P048	R 0	R 0	R 0	R 0	Fully effective	N/A	N/A
WATER SERVICES	Expenditure Management	2. To improve the internal control environment and enhance efficiencies in expenditure business processes	3_2_1_P049	1. Percentage of the conditional grant spent on capital projects in the IDP	P049 Capital Budget	R 731 801 023	69%	100%	87%	Performance not fully effective	<p>Poor expenditure in grants is due to:</p> <p>Poor performance of contractors</p> <p>Community and land issues</p> <p>After accruals the percentage of spending increases to 87% with 13% remaining unspent</p> <p>Challenges of material supply for VIP sanitation</p>	<p>The department is monitoring the contractors closely and notices have been issued</p> <p>The community and land issues have been escalated to political leadership and there is a bit of progress</p> <p>The council has approved use of alternative precast lining</p>

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
BUDGET & TREASURY OFFICE (BTO)			3_2_2_P050	2. Percentage of salaries paid on the prescribed date	P050 Salaries	R 0	100%	100%	100%	Fully effective	N/A	N/A
BUDGET & TREASURY OFFICE (BTO)			3_2_3_P051	3. Percentage of payments processed within 30 days of receipt of valid invoice	P051 Payments	R 0	33%	100%	74%	Performance not fully effective	<p>1. Departments keep invoices for a long time, some invoices dates back as far as 2017/18.</p> <p>2. The invoices were not even on the system as result there is issue of completeness of creditors.</p> <p>3. No culture of handing back invoices as soon as work has been done.</p> <p>4. Some invoices had no funds and virements had to be done whilst others had queries that caused delays in payments.</p>	<p>1. Centralise the point of submission of invoices to be in BTO logistics section.</p> <p>2. Develop, implement and monitor the checklist of supporting documents required that accompany the invoice to reduce queries.</p> <p>3. Consequence management on officials in custody of invoices which results in delays of payments in excess of 30 days.</p> <p>4. Services provider will be given an order before executing any task.</p>
BUDGET & TREASURY OFFICE (BTO)	mSCOA Implementation	3. To achieve mSCOA compliance by the district municipality in line with the National Treasury Regulations and Guidelines	3_3_1_P052	1. Number of monthly mSCOA data strings submitted to National Treasury within 10 working days	P052 mSCOA	R 0	10	12	12	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
BUDGET & TREASURY OFFICE (BTO)	Credible Annual Financial Statements	4. To submit credible Annual Financial Statements to the Auditor General by 31 August on an annual basis	3_4_1_P053	1. Number of credible Annual Financial Statements submitted to Auditor General by 31 August & 30 September	P053 Annual Financial Statements	R 0	2	2	2	Fully effective	N/A	N/A
BUDGET & TREASURY OFFICE (BTO)	Supply Chain Management	5. To ensure the effective implementation of demand management, acquisition management, contract management, supplier performance management and SCM risk management	3_5_1_P054	1. Percentage of bids awarded within 90 days after closing date	P054 Supply Chain Management	R 0	0%	100%	50%	Performance not fully effective	Inconsistent sitting of Bid Committees (BEC) resulting in delays in the evaluation and award for the projects timeously.	MM has reviewed the Bid Committees for the new financial year. MM to consider implementing consequences on the non-sitting of the BEC. Training of bid committees to be conducted for capacity building in the first quarter of the new financial year.
BUDGET & TREASURY OFFICE (BTO)	Budget management	6. To ensure that the annual budget planning and preparation is sustainable, credible, funded and mSCOA compliant	3_6_1_P055	1. Number of mSCOA compliant Budgets submitted to MAYCO	P055 mSCOA compliant Budget	R 0	3	3	3	Fully effective	N/A	N/A
BUDGET & TREASURY OFFICE (BTO)	Asset Management	7. To achieve the required level of service in the most cost-effective manner through the efficient management of the municipality's assets	3_7_1_P056	1. Number of GRAP compliant Asset Registers compiled	P056 GRAP Compliant Asset Register	R 0	4	4	4	Fully effective	N/A	N/A

KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
EXECUTIVE MAYORAL SERVICES	Public Participation	1. To instill good governance and strengthen public participation through effective communication between Municipalities and communities	4_1_1_P057	1. Number of Mayoral committee meetings held	P057 Mayoral Committee Operations	R 160 000	9	12	12	Fully effective	N/A	N/A
EXECUTIVE MAYORAL SERVICES			4_1_2_P057	2. Number of Mayoral/Service delivery imbizos held		R 0	9	5	5	Fully effective	N/A	N/A
EXECUTIVE MAYORAL SERVICES		2. To instill good governance in all municipal operations and strengthen relations with stakeholders	4_2_1_P058	1. Number of sectoral IGR meetings held	P058 Sector Engagements	R 135 000	5	4	4	Fully effective	N/A	N/A
EXECUTIVE MAYORAL SERVICES			4_2_2_P058	2. Number of sector forum meetings held or supported			4	28	33	Performance significantly above expectations	Additional engagements were as a result of build-up meetings held with stakeholders for the inkciyo and teenage pregnancy awareness program	N/A
EXECUTIVE MAYORAL SERVICES	Policy, Research & Development	3. To promote innovative municipal research and development to support evidence-based planning, policymaking and enhance decision-making.	4_3_1_P059	1. Number of research reports compiled	P059 Municipal Research	R 0	N/A	0	0	Not applicable	N/A	N/A
EXECUTIVE MAYORAL SERVICES			4_3_2_P060	2. Number of institutional policies developed/reviewed	P060 Policy Development	R 0	N/A	4	30	Outstanding performance	The district had policies that were last reviewed in more than 5 years ago. A decision was taken by management to review these policies.	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
LEGISLATIVE SERVICES	Political Stability	1. To instil good governance and strengthen public participation through effective communication between Municipalities and communities	4_1_3_P061	3. Number of Whippery constituency programmes conducted	P061 Whippery Programmes	R 490 213	0	4	4	Fully effective	N/A	N/A
LEGISLATIVE SERVICES	Municipal Oversight	2. To instil good governance in all municipal operations and strengthen relations with stakeholders	4_2_3_P062	3. Number of committee oversight reports developed in line with Municipal Oversight Model (MOM)	P062 Municipal Oversight Model	R 0	18	42	35	Performance not fully effective	Committee meetings did not sit as priority was given to MPAC to address its backlog	Committee meetings will sit in the 1st Quarter of 2023/24 financial year
LEGISLATIVE SERVICES	Compliance with Legislation		4_2_4_P063	4. Number of Ordinary, Open Council and Committee meetings held	P063 Council Operations	R 832 100	90	99	92	Performance not fully effective	Target not achieved due to committee meetings that did not sit as priority was given to MPAC to address its backlog	Committee meetings will sit in the 1st Quarter of 2023/24 financial year
LEGISLATIVE SERVICES	Political Stability		4_2_5_P064	5. Number of District Speaker's Forum Meetings held	P064 Speaker's Operations	R 412 875	3	4	4	Fully effective	N/A	N/A
LEGISLATIVE SERVICES	Political Stability		4_2_6_P065	6. Number Whippery outreach programmes conducted	P065 Whippery Outreach	R 490 213	N/A	4	4	Fully effective	N/A	N/A
LEGISLATIVE SERVICES	Political Stability		4_2_7_P066	7. Number of District Chief Whips Forum Meetings held	P066 Chief Whip's Operations		N/A	4	4	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment						
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action	
LEGISLATIVE SERVICES	Political Stability		4_2_8_P067	8. Number of Whippy caucuses conducted	P067 Whippy Caucuses		25	65	48	Performance not fully effective	Portfolio and Standing Committee Study Groups did not sit as priority was given to MPAC to address its backlog	Portfolio Committee and Standing Committee Study Groups will sit in the 1st Quarter of 2023/24 financial year	
LEGISLATIVE SERVICES	Public Participation	4. To ensure effective community participation and compliance to legislation	4_4_1_P068	1. Number of public participation programmes conducted	P068 Public Participation	R 1 353 383.00	N/A	9	9	Fully effective	N/A	N/A	
OFFICE OF THE MUNICIPAL MANAGER	Risk Management	2. To instil good governance in all municipal operations and strengthen relations with stakeholders	4_2_9_P069	9. Number of Fraud & Corruption hotlines established	P069 District Fraud & Corruption hotline	R 80 000	N/A	0	0	Not applicable	N/A	N/A	
OFFICE OF THE MUNICIPAL MANAGER	Risk Management		4_2_14_P069	14. Number of reports on Fraud & Corruption incidents reported			N/A	2	2	Fully effective	N/A	N/A	
OFFICE OF THE MUNICIPAL MANAGER	Risk Management		4_2_13_P101	13. Number of Anti - Fraud and Anti - Corruption awareness initiatives conducted.	P101 Fraud and corruption awareness		N/A	2	2	Fully effective	N/A	N/A	
OFFICE OF THE MUNICIPAL MANAGER	Risk Management		4_2_10_P070	10. Number of Annual Risk Plans developed	P070 Strategic Risk Register		1	1	2	Fully effective	N/A	N/A	
OFFICE OF THE MUNICIPAL MANAGER	Risk Management		4_2_11_P071	11. Number of quarterly risk assessment follow ups conducted	P071 Risk Follow Ups		N/A	3	3	Fully effective	N/A	N/A	
OFFICE OF THE MUNICIPAL MANAGER	Inter-governmental Relations		4_2_12_P072	12. Number of IGR quarterly reports produced	P072 Intergovernmental Relations		R 370 000	4	4	4	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
OFFICE OF THE MUNICIPAL MANAGER	Communications	5. To ensure effective, well-coordinated and integrated district wide communication	4_5_1_P073	1. Number of quarterly communication programmes implemented	P073 Communication Initiatives		17	20	23	Performance significantly above expectations	Even though this was a bad period for communities due to multiple disasters and intermittent water supply; this created opportunity for a diverse use of the communications unit. The municipality conducted media walkabouts, radio interviews and generated media statements due to the issue of not having water as a result of load shedding.	N/A
OFFICE OF THE MUNICIPAL MANAGER	Communications		4_5_2_P074	2. Number of quarterly reports on customer satisfaction surveys conducted	P074 Customer Satisfaction Survey	R 1 311 623	N/A	0	0	Not applicable	N/A	N/A
OFFICE OF THE MUNICIPAL MANAGER	Strategic Planning	6. To ensure a district wide coordination of implementation, monitoring and evaluation of the IDP	4_6_1_P075	1. Number of Integrated Development Plans (IDP) approved by Council	P075 Integrated Development Plan	R 740 000	1	1	1	Fully effective	N/A	N/A
OFFICE OF THE MUNICIPAL MANAGER	Performance Management	7. To ensure an effective performance management system both at institutional	4_7_1_P076	1. Number of institutional performance reports submitted to council	P076 Institutional Performance Reports	R 150 000	5	7	7	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
OFFICE OF THE MUNICIPAL MANAGER	Performance Management	and individual levels	4_7_2_P077	2. Number of formal performance evaluations of section 54 and 56 managers	P077 Performance Evaluations		0	2	0	Unacceptable performance	The unit wrote to the Executive Mayor requesting for establishment of the evaluation committee. The financial year ended without the committee being established.	Mid-term and Annual formal evaluations of Section 54 & 56 managers will be conducted in the 2023/24 financial year
OFFICE OF THE MUNICIPAL MANAGER	Legal Services	8. To ensure compliance with legislation, policies, regulations and to minimise exposure to avoidable litigations	4_8_1_P078	1. Percentage reduction in litigation cases	P078 Litigations	R 6 262 047	53%	25%	25%	Fully effective	N/A	N/A
OFFICE OF THE MUNICIPAL MANAGER	Improved municipal administration	9. To improve audit opinion	4_9_1_P079	1. Audit Opinion	P079 Audit Opinion	R 0	Qualified Audit Opinion	Unqualified Audit Opinion	Qualified Audit Opinion	Performance not fully effective	The municipality obtained Unqualified Audit Opinion as a result of the following qualifying matters: PPE Caital Commitments Prepayments Employee related costs Fruitless and wasteful expenditure	The municipality has established sub committees to deal with each of the qualifying matters to ensure that these will no longer be issues in the 2022/2023 audit. In addition the municipality developed Management Audit Action Plan that is monitored quarterly and tabled to Council
INTERNAL AUDIT	Improved municipal administration		4_9_2_P080	2. Number of follow-up quarterly reports on Internal Audit and Auditor-General issues compiled	P080 Follow-up audit	R 0	4	4	4	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
INTERNAL AUDIT	Improved municipal administration		4_9_3_P081	3. Number of Audit Committee meetings held	P081 Audit Committee Operations	R 68 734	6	6	6	Fully effective	N/A	N/A
INTERNAL AUDIT	Improved municipal administration		4_9_4_P082	4. Number of organisations provided with Internal Audit support	P082 Internal Audit Support	R 0	7	3	6	Outstanding performance	During the Mid-year, four organisations were assisted with the AFS Review and that exceeded the number of expected supports which is three. In quarter four, the district also assisted Mhlontlo and Nyandeni Local Municipality with the Risk Management Review and Ethics and fraud review.	N/A
INTERNAL AUDIT	Improved municipal administration		4_9_5_P083	5. Number of risk-based internal audit plan, internal Audit charter and Audit Committee charter reviewed	P083 Internal Audit Plans	R 0	1	3	3	Fully effective	N/A	N/A
INTERNAL AUDIT	Improved municipal administration		4_9_6_P084	6. Number of audits conducted	P084 Institutional Audits	R 0	18	20	15	Performance not fully effective	Internal Audit could not complete all the planned Audits during the financial year as the unit was assisting Council Committees (MPAC and ad hoc Committee) and the risk management unit	Audit not conducted have been included in the plan for the 2023/24 financial year

KPA 5: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
CORPORATE SERVICES	Human Resource Development	1. To achieve equity and diversity and EE compliance in the workplace 2. To effectively and efficiently recruit and retain competent Human Capital 3. To ensure a well-trained, motivated and professional workforce	5_1_1_P085	1. Number of Employment Equity reports submitted to Department of Labour	P085 Employment Equity Plan Reporting	R 250 000	N/A	1	1	Fully effective	N/A	N/A
CORPORATE SERVICES	Human Resource Management		5_1_2_P086	2. Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;	P086 Recruitment and Selection		N/A	2	2	Fully effective	N/A	N/A
CORPORATE SERVICES	Human Resource Management		5_2_1_P087	1. Percentage of vacant posts filled	P087 Recruitment and Selection		N/A	0,21	0,50%	Outstanding performance	The municipal leadership made filling of section 54 and 56 managers their priority to avoid administration instability	N/A
CORPORATE SERVICES	Human Resource Development		5_3_1_P088	1. Percentage of a municipality's budget actually spent on implementing its workplace skills plan	P088 Workplace Skills Plan (WSP) Budget and implement		0%	0,2%	0,20%	Fully effective	N/A	N/A
CORPORATE SERVICES	Human Resource Development		5_3_2_P088	2. Percentage of quarterly training budget allocation spent			100%	100%	100%	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
CORPORATE SERVICES	Human Resource Management	4. To provide effective and efficient human resources and integrated corporate administration support	5_4_1_P089	1. Percentage reduction of leaves taken on an annual basis	P089 Leave Management	R 0	N/A	10%	63%	Outstanding performance	The department conducted information sharing sessions with staff on abuse of sick leave.	N/A
CORPORATE SERVICES	Employee Health & Wellness		5_4_2_P090	2. Number of employee wellness and occupational health and safety programmes implemented	P090 EAP & OHS Programmes	R 1 870 000	6	8	8	Fully effective	N/A	N/A
CORPORATE SERVICES	ICT Enhancement (District Wide)		5_4_3_P091	3. Number of ICT Risk Assessments conducted	P091 ICT Risk Assessment	R 4 150 000	0	1	1	Fully effective	N/A	N/A
CORPORATE SERVICES			5_4_4_P092	4. Number of ICT Plan projects implemented	P092 ICT Annual Plan		3	4	4	Fully effective	N/A	N/A
CORPORATE SERVICES	Safety and Security		5_4_5_P093	5. Number of safety and security programmes conducted	P093 Safety & Security	R 0	N/A	4	4	Fully effective	N/A	N/A
CORPORATE SERVICES	Labour Relations		5_4_6_P094	6. Number of industrial relations audits conducted on disciplinary code	P094 Industrial Relations Audits	R 100 000	N/A	4	4	Fully effective	N/A	N/A
CORPORATE SERVICES	Labour Relations		5_4_7_P095	7. Number of Local Labour Forum and sub-committee meetings conducted	P095 Collective Bargaining		3	7	8	Fully effective	N/A	N/A

Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget 2022/23	Performance Assessment					
							Annual Actual 2021/22	Revised Annual Targets	Annual Actual	Performance Assessment	Reason(s) for variation	Remedial action
CORPORATE SERVICES	Records & Archives Management		5_4_8_P096	8. Number of municipal file plans developed	P096 Records Management	R 500 000	N/A	0	0	Not applicable	N/A	N/A
CORPORATE SERVICES	Records & Archives Management		5_4_9_P097	Number of departments with files disposed	P097 Records Management		N/A	1	1	Fully effective	N/A	N/A
CORPORATE SERVICES	Individual Performance Management		5_4_10_P098	10. Number of Individual Performance Management & Development (IPMDS) Policy developed.	P098 Individual Performance Management	R 0	N/A	1	1	Fully effective	N/A	N/A
CORPORATE SERVICES	Individual Performance Management		5_4_11_P098	11. Number of informal and formal performance evaluations conducted for middle managers		R 0	N/A	0	0	Not applicable	N/A	N/A
CORPORATE SERVICES	Organisational Development		5_4_12_P099	12. Number of Organisational Structure reviewed	P099 Organisational Structure Review	R 0	N/A	1	1	Fully effective	N/A	N/A
CORPORATE SERVICES	Organisational Development		5_4_13_P100	13. Number of Change Management initiatives conducted	P100 Change Management	R 0	N/A	4	3	Performance not fully effective	Commitment of HODs/ Senior Management by other scheduled programmes hence they suggested postponement	A schedule with revised dates will be issued in October 2022 for endorsement by HODs

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 Employee Totals, Turnover and Vacancies

4.1.1 Total Number of Number of Municipal Employees per Department

Table 34: Total Employees

Employees				
Description	2022/23			
	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	%
Water and Sanitation	772	580	192	25%
Technical Services	63	11	52	83%
Community Services	175	127	48	27%
Human Settlements	35	9	26	74%
Rural, Economic and Development Planning	107	25	82	77%
Budget & Treasury Office	187	91	96	51%
Corporate Services	431	61	370	86%
Internal Audit	14	8	6	43%
Legislative Services	59	52	07	11%
Executive Mayoral Office	117	95	24	21%
Office of the Municipal Manager	44	18	26	59%
Executive Mayoral Services	50	46	4	8%
TOTAL	2054	1123	933	45%

4.1.2 Turnover Rate

4.1.2.1 Turnover rate on top management positions

Table 35: *Vacancy Rate at top management level*

Vacancy Rate on Top Management Positions: 2022/23			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Director Water and Sanitation	1	1	8
Director Technical Services	1	0	0.00
Director Community Services	1	0	0.00
Director Human Settlements	1	0	0.00
Director Executive Mayoral Services	1	0	0.00
Director Legislative Services	1	0	0.00
Director Rural Economic Development and Planning	1	0	0.00
Director Internal Audit	1	0	0.00
Director Corporate Services	1	1	8
Director Office of the Municipal Manager	1	0	0.00
Total	12	2	17

4.1.2.2 Vacancy Rate on District Employees

Table 36: *District Vacancy Rate*

Vacancy Rate on all District Employees				
Total number of employees	Vacant positions	New Employees (2022/23)	Resignations in 2022/23	Turnover Rate
1123	933	2	11	1.1%

Vacancy Rate on all District Employees				
Total number of employees	Vacant positions	New Employees (2022/23)	Resignations in 2022/23	Turnover Rate
42 Contracted General Workers 300 EPWP Workers				

4.1.2.3 Staff Turnover per Category and Post Level

Table 37: *Staff Turnover*

Resignations/Terminations	
Senior Managers	2
Middle management	3
General staff	19
Total	24
Retirements	
Senior Managers	0
Middle management	1
General staff	20
Total Retirements	21
Deaths	
Senior Managers	0
Middle Managers	0
General staff	21
Total deaths	21

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE**4.2 Policies***Table 38: Municipal Policies*

Policy	Status	Date Adopted by Council or Comment on failure to adopt
Attendance & Punctuality	New	12 October 2015
Recruitment & Selection Policy	Reviewed	30 June 2023
Relocation Policy	Reviewed	30 June 2023
Individual Performance Management Policy	New	30 June 2023
Organisational Development Policy	New	30 June 2023
Sexual Harassment Policy	Reviewed	30 June 2023
Incapacity Policy	New	30 June 2023
Alcohol & Substance Abuse Policy	New	30 June 2023
Bereavement Policy	New	30 June 2023
Study Assistance Policy	Reviewed	30 June 2023
Training & Development Policy	Reviewed	30 June 2023
Experiential Training Policy	Reviewed	30 June 2023
File Plan	New	30 June 2023
Placement Policy	New	30 June 2023
District Job Evaluation Terms of Reference	New	30 June 2023
Orientation & Induction Policy	Reviewed	03 Nov 2017
Employment Equity Policy	Reviewed	03 Nov 2017
Subsistence & Travelling policy	Reviewed	28 June 2019
Integrated Employee/Employer Wellness	Reviewed	28 June 2019
Retention policy	Reviewed	28 June 2019
Whistle Blowing policy	New	12 October 2015
Information & Communication Technology	Reviewed	27 June 2019
Security Management & Access Control policy	Reviewed	12 October 2015
Danger Allowance	New	30 October 2020
Cellphone policy	New	31 May 2019
Computer & Data Allocation Policy	New	30 June 2023
Leave Management Policy	Reviewed	30 June 2023

4.3 Injuries, Sickness and Suspensions

Table 39: Injuries, Death, Pensions and Terminations

Category	Number Of Employees
Injuries	00
Death	22
Pension	27
Contract expired	08
Resignations	11
Dismissals	02

The table below illustrates the number and cost of injuries on duty incurred during the financial year:

Table 40: Cost of Injuries

Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	16	1	6%	3	60
Total	16	1	6%	3	60

The table below illustrates the number of days and cost of sick leave for the financial year under review:

Table 41: Cost of Sick Leaves

Salary band	Total sick leave	Employees using sick leave	Proportion of sick leave without medical certification	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	No.	%	No.	Days	R' 000
Unskilled skilled (TG 1-3)	0	0	00	00		
Semi-Skilled (TG 4-8)	254	44	5,77%	511		

Salary band	Total sick leave	Employees using sick leave	Proportion of sick leave without medical certification	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	No.	%	No.	Days	R' 000
Skilled Technical & Academically Qualified/Junior Management/Supervisors/foreman/superintendents (TG 9-13)	321	32		494		
Professionally qualified & experienced specialist (TG 14-18)	170	13	18,13%	173		
Senior management (TG 18-22)	0	0	0.0	04	0.00	
MM and S57	0		0.0	12	0.00	
Total	745	89		1182		0

During the financial year, the district suspended nine employees and the details of the case are illustrated in the table below:

Table 42: Details of Cases for Suspended Employees

Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Intimidation, Threats, Gross Insolence, Gross Impropriety, & Assault, Gross dereliction of duties, Bringing the name of municipality into disrepute, Gross insubordination	21/02/2021	A disciplinary enquiry is in process	Not yet finalised
Harassment, hurling insults, and derogatory remarks to a fellow employee, obstructing fellow employees from entering municipal premises for the purposes of executing their duties. Organizing, participating and leading an illegal or	09/02/2021	The disciplinary matter is partially completed and awaiting for the final sanction from the appointed Presiding Officer.	Not yet finalised

Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
unprotected strike, contrary to the provisions of the standard of conduct clause 1.2.11 and Labour Relations Act 66 of 1995 and breach of municipal communication policy. Intimidation, Gross Insubordination, putting the name of municipality into disrepute			
Intimidation or / and threats to another fellow employee, harassment and further initiated, organised, led and participated in an unprotected / illegal industrial action	09/02/2021	The matter is scheduled to sit on the 15 th December 2021.	Not yet finalised

The table below has the list of disciplinary cases that were handled during the financial year:

Table 43: Disciplinary Cases

Position	Department	Area	Nature Of Offence	Progress	Date Finalized	Finding	Sanction
Manager: IGR, IDP, International Relations & Municipal Support	Municipal Manager	Myezo	Harassment, hurling insults, and derogatory remarks to a fellow employee, obstructing fellow employees from entering municipal premises for the purposes of executing their duties.	The matter is partially completed and awaiting for the sanction.	14/12/20 21		Not yet issued.

Position	Department	Area	Nature Of Offence	Progress	Date Finalized	Finding	Sanction
			Organizing, participating and leading an illegal or unprotected strike, contrary to the provisions of the standard of conduct clause 1.2.11 and Labour Relations Act 66 of 1995 and breach of municipal communication policy. Intimidation, Gross Insubordination, putting the name of municipality into disrepute				
Senior Community Safety and Coastal Officer	Community Services	Myezo	Intimidation or / and threats to another fellow employee, harassment and further initiated, organized, led and participated in an unprotected / illegal industrial action	A disciplinary enquiry was previously held on the and invited panellist were present except for the alleged employee and her	Not yet	N/A	N/A

Position	Department	Area	Nature Of Offence	Progress	Date Finalized	Finding	Sanction
				representative (even though a notice of enquiry was acknowledged by employee as received).			
Security Guard	Corporate Services	Government Printers	Intimidation, Threats, Gross Insolence, Gross Impropriety, & Assault, Gross dereliction of duties, Bringing the name of the municipality into disrepute and Gross insubordination.	The matter was held on the 16 th February 2022. Both employer and alleged employee led the evidence successfully. Parties will make a submission of closing arguments to Presiding Officer not later than end of business, Friday, 25 th February 2022.	16 th February 2022	Not yet issued.	N/A

4.4 Employee Wellness

The employee wellness program seeks to assist employees with dealing with emotional, psychological, health, financial and physical well-being to ensure that they are productive at work to ensure the mandate of the O.R Tambo District Municipality is executed. Under the employee wellness, we have the Occupational Health and Safety unit, which seek to ensure employees are free from risk and hazard in the workplace guided by OHS Act 58 of 1993 as amended.

4.4.1 Employee Wellness programs implemented 2021/2022 financial year

During the first quarter the unit conducted a financial education workshop at Nyandeni Satellite offices, the purpose of conducting the financial education workshop was to assist the employees to change their mind-set in term of handling money, budgeting and saving and to also allow them to make informed decisions with their financial resources.

On the 3rd and 4th quarter the unit conducted a wellness program on Emotional well-being and coping during the COVID-19 pandemic at Mhlontlo area and again at Port St Johns area for the water purification plants surrounding the area and KSD area. Following an assessment and discussion of the challenges that employees may be faced with during the COVID-19 pandemic the wellness unit decided to plan these programs to provide emotional support for the employees of O.R Tambo DM.

4.4.2 Occupational Health and Safety programs implemented 2021/22 financial year

The OHS unit conducted medical surveillance and vaccination after receiving reports that there are employees who are exposed to biomedical agents they work with. An Occupational Medical Practitioner was appointed to investigate all reported cases on occupational illness and prevent illnesses by vaccinations. The following areas were vaccinated:

1. 20 employees were vaccinated at Mqanduli water purification plant.
2. 20 employees vaccinated at Coffee Bay treatment works
3. 20 employees vaccinated at Mthatha blockage
4. 20 employees Port St John's water purification plant
5. The OHS unit conducted risk assessment as per the regulations issued out by Department of employment and labour.

COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

4.5 Performance Rewards

The Municipality has started with the process of engaging internally for the purposes of cascading the Performance Management & Development System (PMDS). This has been informed by the proclamation of Local Government Municipal Systems Act: Municipal Staff Regulations of 20th September 2021 in chapter 4. A draft PMDS policy has been developed and will be part of the planned Municipal Policy Workshop to be conducted during the year 2022/23 financial year. The target was to pilot the programme to cascade PMDS and contracting to Middle Management of the Municipality.

4.6 Skills Development and Training

Training interventions are structured according to the:

- Study assistance programme (Formal qualifications)
- Skills programmes/ Short courses
- Learner ships &
- Experiential training programme (student trainees and Internships)

Table 44: Skills Programme/ Short Course Implemented – Employed Learners (18.1)

Learning Programme	Duration of Training	Actual No. of Beneficiaries	COST	Name of Training Provider
CPMD	8 months	2	116 000.00	WITS School of Governance
SAMTRAC	10	2	R 8 099.98	NOSA
PAYMENT OF MEMBERSHIP	0	11	R 31 878.00	INSTITUTE OF INTERNAL AUDITORS (IIA)
Total		15	R 155 977.98	

Table 45: Study Assistance Implemented- Employed Learners (18.1)

No.	Institution	Learning Programme	Actual No. Enrolled	Department
1	WSU	LLB	1	Water & Sanitation Services
2	UFH	Bachelor of Public Admin	3	Community Services
3	UFH	Master of Public Administration	1	Legislative Services
4	UNISA	PGDP in Security Management	1	Corporate Services
5	Northwest University	Master's in environmental management	1	Community Services
6	WITS	PGD in Management	1	Legislative Services
7	South Business School	Advanced Diploma in Disaster Management	1	Community Services
8	South Business School	N.D. – Disaster Management	1	Office Of Executive Mayor
TOTAL NO.			10	
TOTA EXPENDITURE		R 229 541.00		

Table 46: Learnership & Experiential Training (18.1 & 18.2)

No.	Name of Training Intervention	Stakeholder	Actual No. Trained	Type Of Training
1	Students Trainees	Youth	6	Experiential training WIL
TOTAL			6	

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE**4.7 Employee Expenditure**

Employee costs for the financial year under review were R741 537 354, and to R20 895 674 for Councillors and Ntinga Board Members

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

5.1 Statement of Financial Performance

Table 47: Statement of Financial Performance

Statement of Financial Performance					
Figures in Rand	Note(s)	Economic Entity		Controlling Entity	
		2023	2022 Restated*	2023	2022 Restated*
REVENUE					
Revenue from Exchange Transactions					
Service Charges	22	288 341 300	303 752 916	288 341 300	303 752 916
Rental of Facilities and Equipment	23	243 739	415 672	739	33 855
Interest Earned - External Investments	24	40 196 276	10 902 473	40 004 182	10 790 076
Interest Earned - Outstanding Debtors	24	41 602 138	32 877 677	41 602 138	32 877 677
Operational revenue	25	11 452 870	16 858 073	-	3 198 976
Income from Agency Services	26	251 348	367 018	176 050	203 152
Total revenue from exchange transactions		382 087 671	365 173 829	370 124 409	350 856 652
Revenue from Non-exchange Transactions					
Transfer revenue					
Transfers and Subsidies Received	27	1 831 280 743	1 524 718 664	1 831 280 743	1 524 718 664
Total revenue from non-exchange transactions		1 831 280 743	1 524 718 664	1 831 280 743	1 524 718 664
Total revenue		2 213 368 414	1 889 892 493	2 201 405 152	1 875 575 316
EXPENDITURE					
Employee Related Costs	28	(741 537 354)	(780 880 114)	(701 447 980)	(736 540 413)
Remuneration of Councillors and Board Members	29	(20 895 674)	(20 297 202)	(19 783 425)	(19 456 433)
Depreciation and Amortisation	30	(192 799 949)	(227 853 022)	(188 026 187)	(222 587 652)
Impairment Losses	31	(172 169 199)	(102 511 175)	(172 127 448)	(94 752 777)
Bad Debts Written off	32	(41 887 906)	(12 666 625)	(41 887 906)	(12 666 625)
Finance Costs	33	(25 988 117)	(23 404 240)	(24 600 422)	(23 294 074)
Contracted Services	34	(173 667 686)	(136 784 482)	(163 813 718)	(131 939 724)
Transfers and Subsidies	35	(106 705 771)	(50 358 798)	(161 517 079)	(100 585 573)
Inventory Consumed	36	(46 619 854)	(51 889 979)	(36 525 877)	(40 391 264)
Inventory Losses	37	(8 564 075)	(11 439 667)	(8 564 075)	(11 439 667)
Operational Costs	38	(192 870 323)	(214 442 767)	(186 810 420)	(206 806 123)
Total expenditure		(1 723 705 908)	(1 632 528 071)	(1 705 104 537)	(1 600 460 325)
Operating surplus		489 662 506	257 364 422	496 300 615	275 114 991
Gains / (Losses) on Disposal of Property, Plant and Equipment	39	7 043	645 194	(2 208)	645 194
Reversal of Impairment	40	7 026 055	26 666	6 723 467	26 666
Actuarial Gain / (Loss)	41	75 274 000	13 864 000	75 274 000	13 864 000
Gains / (Losses) on disposal of Biological Assets		1 568 086	1 203 559	-	-
Biological Assets - Gains		374 374	5 716 732	-	-
Biological Assets - Losses		(381 000)	(460 180)	-	-
		83 868 558	20 995 971	81 995 259	14 535 860
Income tax		-	-	-	-
Surplus for the year		573 531 064	278 360 393	578 295 874	289 650 851

5.2 Grants

Overall unspent conditional grant amounted to R111,9 million. Rollover application submitted but rejected by the National Treasury.

5.3 Asset Management

For the year ended 30 June 2023, the municipality reported a total of R 8 billion (30 June 2022: (R 7,8 billion) of property plant and equipment. Property plant and equipment is broken down into immovable property, moveable property, infrastructure assets, intangible assets and heritage assets.

These assets are recorded in GRAP 17 compliant assets registers, and the registers comply with the approved assets management policy adopted by the municipality council. On a quarterly basis, the asset management unit submits reports to council in the form of asset registers. These asset registers are divided under moveable assets and infrastructure asset registers.

There are still challenges relating to maintenance and updating of the asset registers as evidenced by the findings of auditor general which were subsequently addressed through adjustments. Some of the challenges are but not limited to:

- Construction costs capitalized at VAT-exclusive from a Non-VAT vendor
- Overstatement of professional fees into the WIP additions.
- PPE Infrastructure WIP additions: completed projects incorrectly classified as WIP

5.3.1 Key Elements from the Asset Management Policy

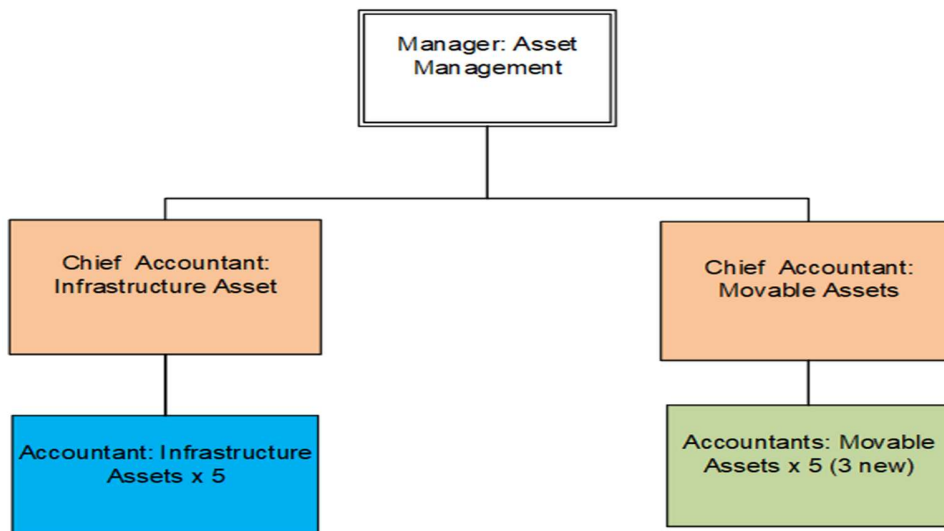
The O. R. Tambo District Municipality's asset management policy has the following key elements. These elements also incorporate the responsibilities of municipal officials as required by section 78 (1) (e) of the municipal finance management act.

- Recognition of capital assets: initial measurement
- Subsequent measurement of capital assets
- Recognition of inventory items
- Asset types

- Discontinued operations
- Minor assets
- Asset acquisition
- Creation of new infrastructure assets
- Donated assets
- Asset maintenance and useful life
- Residual value of assets
- Depreciation
- Maintenance of assets and asset registers
- Renewal of assets
- Replacement of assets
- Asset disposal
- Writing off of assets
- Physical control of assets
- Insurance of assets
- Safekeeping of assets

5.3.2 Organisational Structure of the Asset Management Unit

Figure 7: Asset Management Structure



5.3.3 Staff Delegation

Listed below is the work plan for Asset Management, Property Plant and Equipment

Isolation of responsibilities and Segregations of duties for the current Asset Management staff is illustrated in the table below:

Table 48: Asset Management Staff Delegation

Roles and Responsibilities	Position
Manager	All functions
Chief Accountant	All functions
Land and Building	Accountant
Intangible assets and Leases	Accountant
Computers, Laptops and Insurance	Accountant
Furniture	Accountant
Motor Vehicles and its Insurance	Accountant

5.3.4 Issues under Development

- As from 01 July 2023, fleet management has moved to Corporate services
- The municipality is in the process of procuring an asset management as well as the asset verification system
- Integration of all asset registers into the financial management system Solar
- Review of the organisational structure
- Review of the policies and introduction of standard operating procedures
- Capacity building of the current staff in GRAP standards

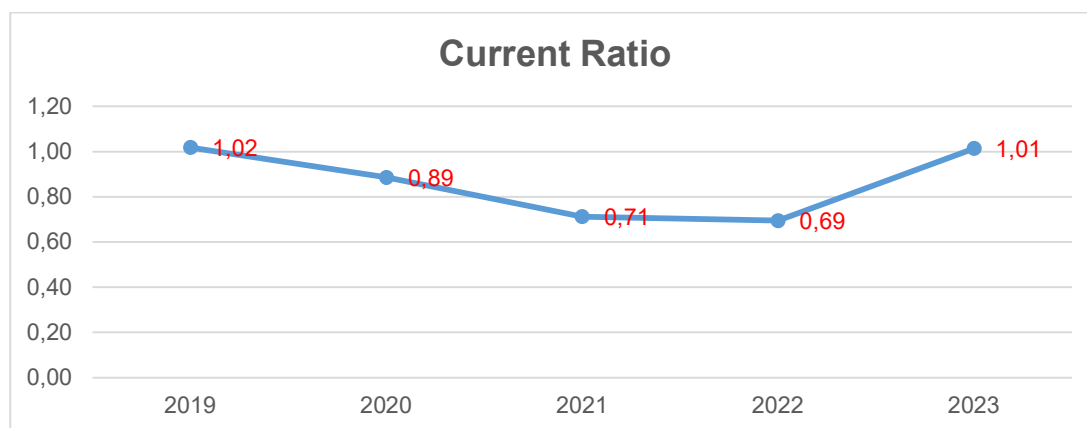
5.3.5 Plans to Address the Development Issues

- Conversion of manual asset register into the system is in progress.
- Acquisition of an automated asset verification tool
- Advertisement of critical vacant positions
- Conduct workshops for reviewed assets management policies and procedure manuals.
- Capacitation of asset management staff will be done through training and workshops.

5.4 Financial Ratios based on Key Performance Ratios

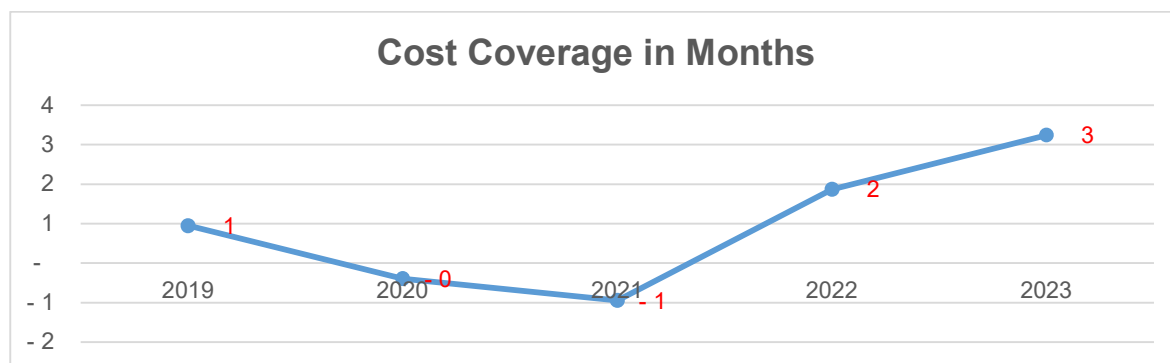
5.4.1 Liquidity ratio

Figure 8: Liquidity Ratio Analysis from 2019 - 2023



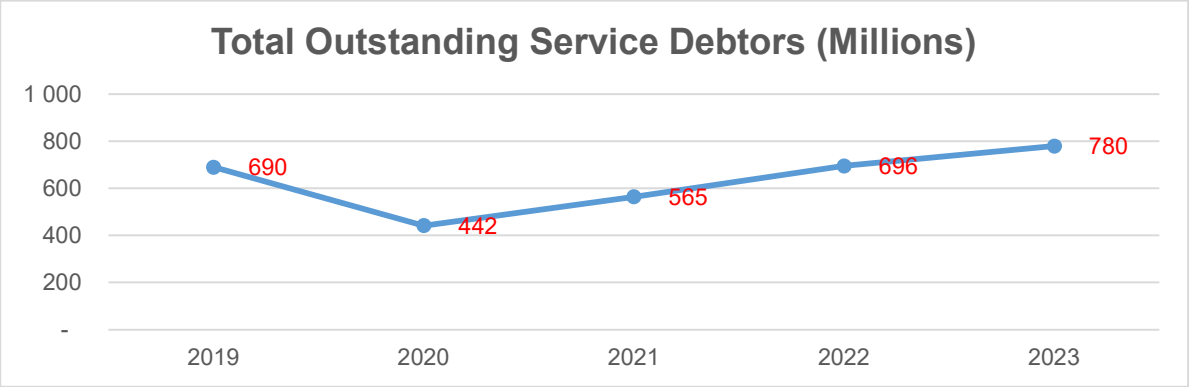
5.4.2 Cost coverage

Figure 9: Cost Coverage from 2019 - 2023



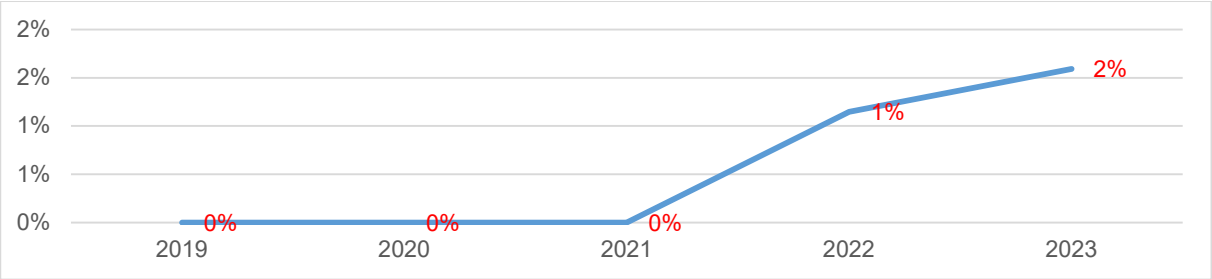
5.4.3 Total outstanding service debtors

Figure 10: Total outstanding service debtors from 2019 - 2023



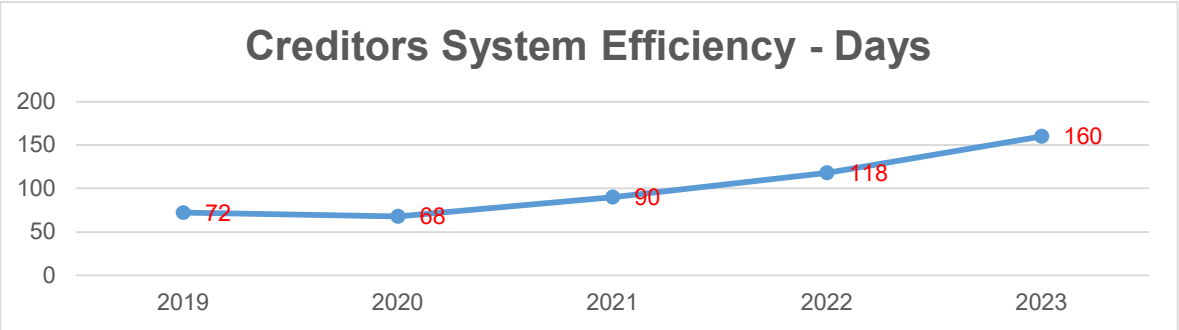
5.4.4 Debt coverage

The OR Tambo DM does not have long-term borrows / loans, the only existing debt as at the end of the year relates to finance lease obligation.



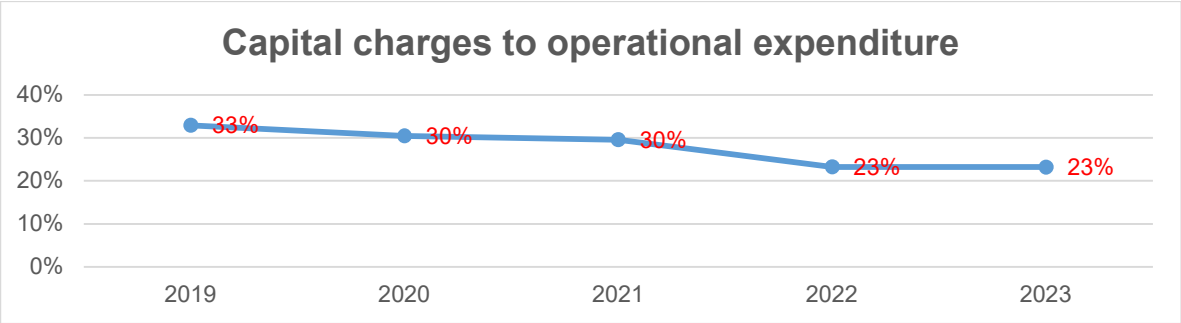
5.4.5 Creditor’s system efficiency

Figure 13: Creditors system efficiency from 2019 - 2023



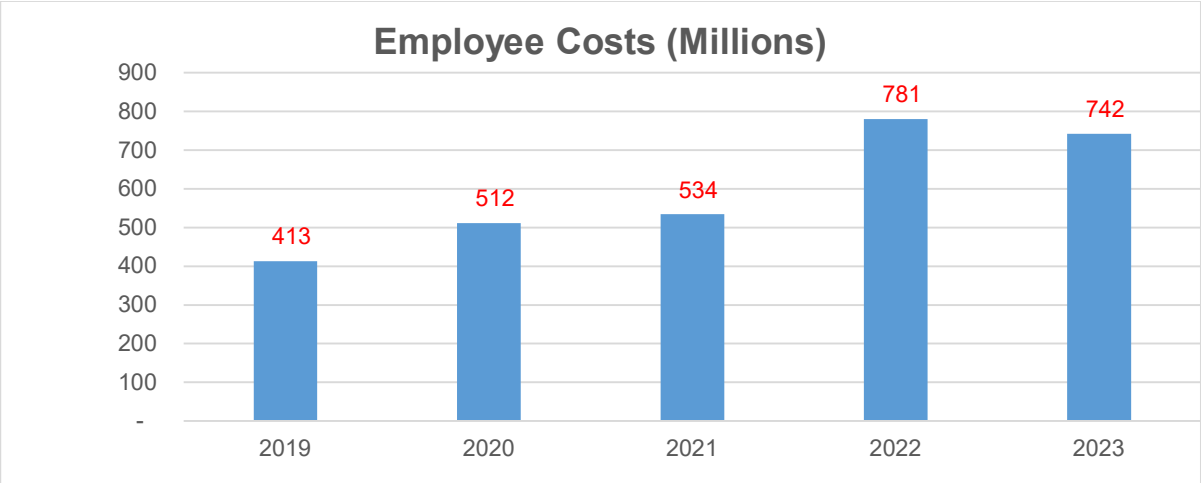
5.4.6 Capital charges to operational expenditure

Figure 11: Capital charges to operating expenses from 2019 - 2023



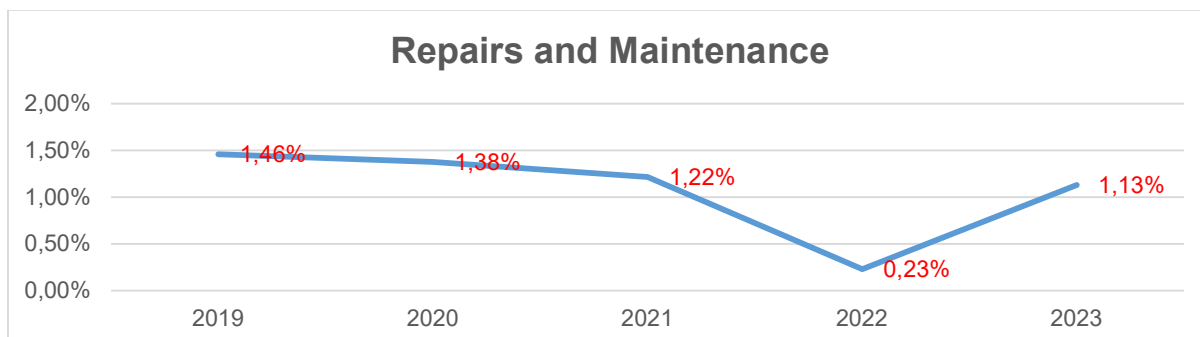
5.4.7 Employee costs

Figure 12: Employee costs from 2019 - 2023



5.4.8 Repairs and maintenance

Figure 13: Repairs & Maintenance from 2019 - 2023



Repairs and maintenance expenditure has been below the norm of 8% for the past 5 years. The municipality is unable to meet the norm due to financial constraints.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 Capital Expenditure

Total expenditure amounted to R521.3 million (2022: R491.4 million) which is comprised of:

Table 49: Capital Expenditure

Asset Class	Amount
Furniture and fixtures	205 109
IT equipment	970 165
Infrastructure	7 509 828
Buildings	380 968
Infrastructure WIP	505 250 391
Leased Assets	5 392 299
Machinery and Equipment	1 613 690
	<u>521 322 450</u>

5.6 Sources of Finance

Table 50: Sources of Finance

- Service Changes (Water and Sewerage)
- Rental of Assets (Hall and Kei Fresh)
- Interest Earned on Outstanding Debtors and External Investments
- Income from Agency Services
- Grants
- Other revenue

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.7 Cash Flow

Cash and cash equivalent opening balance amounted to R 388.7 million, the net decrease in cash and cash equivalents during the year amounted to R 79.1 million and resulting in the closing balance on cash and cash equivalents of R467,8 million.

5.8 Borrowing and Investments

Other than the finance lease obligation amounting to R6 million (current portion: R3.4 million; Non-current R2.6), the district did not have any borrowings at year end. With regards to investments, the district made cash investments during the financial and earned interest amounting to R40.2 million. The balance of short-term investments at year end was R182 million invested in the following institutions:

Table 51: Investments

- | | |
|-----------------------|----------------|
| • First National Bank | R30.4 million |
| • Nedbank | R151.6 million |

5.9 Public Private Partnership

The district does not have any Public Private Partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.10 Supply Chain Management

The municipality has made a significant progress in developing and implementing the supply chain management policy and practices in compliance with the guidelines set out in the Supply Chain Management Regulations as well as the amended Preferential Procurement Regulations,

Whilst internal controls have also been strengthened by developing check list for compliance with SCM regulations in procurement there have been serious deficiencies in fully complying with the supply chain management regulations due to persistent staff vacancies and lack of systems to detect people who close family members who are conducting business with the municipality. This is evidenced by the finding of the auditor general in their audit report.

As part of its strategic improvement goal in reducing irregular expenditure, the municipality has adopted a strategy to reduced unauthorised, irregular, fruitless and wasteful expenditure.

Currently the general manager supply chain management unit has fully complied with the requirements of regulation 12 of the Minimum Regulations on Minimum Competency Levels.

5.11 Generally, Recognised Accounting Practice (GRAP) Compliance

GRAP it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The Municipality is fully GRAP compliant. The current year accounting framework is consistent with the previous year. The requirements as per the Accounting Standards Board have been taken into consideration to the improved Standards of GRAP.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR GENERAL OPINION OF FINANCIAL STATEMENTS

6.1 Auditor General Reports: Year (2022/23)

The Municipality has been issued with an Unqualified Audit Opinion by the Auditor General of South Africa for the 1st time in history of existence. This represents positive change and fundamental culture shift by the Municipality as this should in future translates towards the realization of the mandate, the values, vision and mission of organization.

Even though the Municipality has received an unqualified audit opinion, an emphasis of the matter paragraph was issued with the following items that need urgent management attention:

- Restatement of Corresponding Figures
- Debt Impairment
- Unspent Conditional Grants

Following the release of the consolidated audit report, management has developed a Municipal Audit Action Plan.

COMPONENT B: AUDITOR GENERAL OPINION – 2022/23

6.2 Auditor General Report Year: (2022/23)

**Report of the Auditor-General to the Eastern Cape Provincial
Legislature and the Council on the OR Tambo 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 OR Tambo District Municipality set out on pages xx to xx, 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 consolidated and separate financial position of the OR Tambo District Municipality as at 30 June 2023 and its consolidated and separate financial performance and consolidated and separate cash flow statement, consolidated and separate statement of changes in net assets and consolidated and separate statement of comparison of budget and actual amounts for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).
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 consolidated and separate 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.

Restatement of corresponding figures

7. As disclosed in note 47 to the consolidated and separate financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2023.

Debt impairment

8. As disclosed in note 31 to the consolidated and separate financial statements, debt impairment of R80,96 million (2022: R84,94 million) was made as a result of the allowance for receivables from exchange transactions.

Unspent conditional grants

9. As disclosed in note 16 to the consolidated and separate financial statements, the municipality materially underspent their conditional grants and receipts by R111,99 million (2022: R187,87 million).

Other matter paragraph

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

Unaudited disclosure notes

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

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

12. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Generally Recognised Accounting Practice (South Africa) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA); 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 the 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	Goals
Basic service delivery and infrastructure	XX	<ul style="list-style-type: none"> • To promote integrated sustainable community livelihoods • To provide conducive, adequate and accessible infrastructure • To provide water and sanitation to every village/community

- 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 to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 measures taken to improve performance.
- 20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
 - 21. I did not identify any material findings on the reported performance information for the key performance area.

Other matters

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

Achievement of planned targets

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

Material misstatements

- 24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic Service Delivery and Infrastructure. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

- 25. 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.

- 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 to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 measures taken to improve performance.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the key performance area.

Other matters

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

Achievement of planned targets

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

Material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic Service Delivery and Infrastructure. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

25. 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.

26. 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.
27. 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.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual reports

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property, plant and equipment, payables from exchange transactions, expenditure and disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.
30. The local community was not invited to submit representations in connection with the 2021/22 annual report, as required by section 127(5)(a)(ii) of the MFMA.
31. The council failed to adopt an oversight report containing the council's comments on the 2021/22 annual report, as required by section 129(1) of the MFMA.

Procurement and contract management

32. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of Supply Chain Management (SCM) Regulation 43. Similar non-compliance was also reported in the prior year.
33. Some of the invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
34. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5). Similar non-compliance was also reported in the prior year.
35. The performance of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

Asset management

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

Strategic planning and performance management

37. The performance management system and related controls were not properly implemented or were inadequate as there was no evidence of adequate monitoring and review processes conducted as required by municipal planning and performance management regulation 7(1).

Expenditure management

38. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

39. Reasonable steps were not taken to prevent irregular expenditure amounting to R170,77 million as disclosed in note 55 to the separate controlling entity annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM reg.22(1)(b)(i).

40. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R14,96 million as disclosed in note 54 to the separate controlling entity annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest paid.

41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R71,35 million as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget.

Human Resource Management

42. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

43. The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Other information in the annual report

44. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's 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.

45. 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.

46. 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.

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

Internal control deficiencies

48. 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.

49. The matters reported below are limited to the significant internal control deficiencies that resulted in material findings on compliance with legislation included in this report.

50. Management did not adequately discharge its oversight of the implementation and monitoring of internal controls to ensure sound financial and performance management as there were material misstatements which were subsequently corrected on both the financial and the performance information. In addition, management developed an audit action plan to address the prior year external audit findings however not all actions were implemented adequately resulting in repeat findings on compliance with legislation.

Material irregularities

51. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Prepayments made to an implementing agent for water projects

52. The municipality made payments to its implementing agent for water projects, for goods and services not yet received. This resulted in non-compliance with section 65(2)(a) of the Municipal Finance Management Act 56 of 2003 (MFMA), which requires that the municipality should have and maintain an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds. The non-compliance with legislation resulted

in a likely material financial loss because the amount could still be recovered from the implementing agent.

53. The accounting officer was notified of the material irregularity on 7 April 2021 and invited to make written submission on the actions taken or to be taken to address the matter. The actions taken and planned are as follows:
- The implementing agent had subsequently performed some work for which the relevant evidence was audited during the current audit.
 - The implementing agent had refunded the municipality an amount of R46 million on 30 June 2022.
 - The municipality had reported the matter to the Directorate for Priority Crime Investigation (DPCI) and it was still in progress at the time of this report.
54. The accounting officer took the appropriate steps and the material irregular is resolved.

Covid 19 danger allowance was paid using an incorrect rate

55. The municipality made overpayments of covid 19 danger allowance to its employees who worked during the level 3 of the national lock down. Alert level 3 was in place since 01 June 2020 and I identified the non-compliance on 21 November 2021. This resulted in non-compliance with section 65(2)(a) of the MFMA, which requires that the municipality should have and maintain an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds. The non-compliance with the legislation resulted in a material financial loss.
56. The accounting officer was notified of the material irregularity on 7 April 2022 and invited to make written submission on the actions taken or to be taken to address the matter. The actions taken and planned are as follows:
57. Below are steps that the accounting officer has taken/ or in the process of taking in addressing the matter:
- The final danger allowance payment was presented in the special Local Labour Forum meeting as a material irregularity on 12 September 2023.
 - The material irregularity will be tabled to Mayoral Committee and subsequently to the council on 8 December 2023.
 - MPAC to investigate the matter by 29 February 2024.
 - Municipality disciplinary board to effect consequence management once the investigation is done by 30 March 2024.
 - The recommendations of the disciplinary board will be tabled to council and the accounting officer will subsequently implement the resolutions by 30 May 2024.
58. The progress on the material irregularity will be followed up during the next audit period.

Other reports

59. In addition to the investigations relating to material irregularities, 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 or my findings on the reported performance information or compliance with legislation.
60. The Special Investigating Unit (SIU) was investigating the matters included below as contained in the proclamation (R80 of 2022) by the President, gazetted (GG 47107) on 29 July 2022, in respect of the municipality:
- The procurement of, or contracting for goods, works or services by or on behalf of the municipality and payments made in respect thereof in a manner that was not fair, competitive, transparent, equitable or cost-effective; or contrary to applicable legislation, manuals, guidelines, practice notes, circulars or instructions issued by the National Treasury or the relevant Provincial Treasury; or manuals, policies, procedures, prescripts, instructions or practices of, or applicable to the municipality.
 - Any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality in relation to the provision of strategic, technical and operational support services to the strategic programmes and management office of the municipality in terms of tender number ORTDM – SCMU33-17/18.
 - Any unlawful or improper conduct by officials or employees of the municipality, applicable service providers of the municipality; or any other person or entity, in relation to the allegations set out in the proclamation.
61. These investigations were still in progress at the date of signing this report.

Auditor-General

East London

13 December 2023



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’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 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 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 to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)

Legislation	Sections or regulations
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(iii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(iii), 29(5)(b)(iii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

Legislation	Sections or regulations
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

6.3 Management Audit Action Plan 2022/2023

Table 52: Management Audit Action Plan (MAAP)

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
Restatement of correspondence figures	Commitments - Prior year restatement	While testing the prior year restated amount, it was noted that incorrect information was submitted for the following projects and therefore giving rise to a limitation of scope: Furthermore, differences were noted in the contract amounts between the commitments register and the appointment letters/SLA/contracts, thus causing differences in the commitments amount at the end of the period. Please see below the projects where these were identified: The following projects were noted to have been completed after 30 June 2022 and as such, were incorrectly excluded from the 30 June 2022 balance:	This has taken place due to the lack of appropriate management review of the Commitment/Contract Register to ensure that commitments have been appropriately stated	Management should ensure that the Contracts/Commitments Register is appropriately reviewed to ensure that all commitments listed have been valued correctly at the 30 June 2022 and that the necessary documentation is available to confirm the valuation of these commitments.	As errors identified in 2022 and 2023 register were resolved, going forwarded: - Accuracy: On quarterly basis, review all additions to the register and verify them against the appointment letter and variation orders (if any) to ensure that contract values are correctly recorded. - Cut-off: On quarterly basis, obtain a list of completed projects and ensure that they are not included in the commitments register	Quarterly	Manager: Capital Projects
	Capital Commitments - Disagreement (COAF 17)	While testing the capital commitments balance disclosed in the annual financial	This has taken place due to the lack of appropriate management review	Management should ensure that the Contracts/Commitments Register is appropriately	- Retention: On quarterly basis, Verify the retention amount	Quarterly	Manager: Capital Projects

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		statement, the following misstatements were noted and it was noted that retention amounts were incorrectly calculated and therefore the commitments balances were incorrectly stated: Furthermore, the following misstatements were noted to be due to expenditure to date amounts being incorrectly stated: The following misstatement is due to a limitation of scope:	of the Commitment/Contract Register to ensure that commitments have been appropriately stated	reviewed to ensure that all commitments listed have been valued correctly at the 30 June 2023	against the payment certificate to ensure that correct retention amount is recorded. - Payments: On quarterly basis, Verify all payments against the payment vouchers to ensure the accuracy of the recorded amounts.		
Procurement and Contract management	SCM : Supplier submitted a false declaration (COAF 6)	The below listed suppliers are connected to persons employed by the state, however, suppliers did not declare the connection.	The municipality only relies on the declaration of interest (MBD 4) submitted by the supplier and CSD reports.	Management should investigate the identified suppliers to get an understanding as to why the supplier failed to declare. Where applicable, the results of the investigation should be reported to National Treasury for inclusion in the register of restricted suppliers. Management should keep a register of suppliers that have been	- Maintain a register of false declarations and people in service of state. - Ensure that all service providers that were successfully in the tender / quotation process are checked against this register before	29-Feb-24	General Manager Supply Chain Management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
				identified as being in-service of the state and use the register to ensure that awards are not made to the same suppliers who have failed to disclose this fact.	appointment letters are issued. All employees to sign off declaration of interest to indicate their involvement with suppliers that are doing business with the municipality.		
	SCM : Deviation not disclosed on AFS (COAF 6)	The following deviations were not included as a note to the annual financial statements	Lack of oversight by management in ensuring that laws and regulations applicable to the municipality are complied with.	Management should ensure that all deviations are disclosed in the note of financial statements as required.	Deviation registers to be updated and signed-off as evidence review on a quarterly basis for completeness	Monthly	General Manager Supply Chain Management
	Deviations does not meet the classification as per the requirements (COAF 7) 1. The reasons for the following awards are not reasonable and justifiable because they appear to be due to poor planning	Awards were not made through the normal SCM process due to service provider being a sole supplier and in the auditor's knowledge and/or research, there are other available providers for the commodity/ service as there was no market analysis done to substantiate the sole provider.			Management will transfer from the deviations register all payments related to deviations that do not meet the criteria and disclose the expenditure as irregular	31 April 2024	General Manager Supply Chain Management

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	MBD forms (COAF 7)	<p>During the execution of procurement and contract management (deviations) it was noted that MBD 4,- MBD 8 and MBD 9 were requested from management through RFI 57 – Deviations on 19 September 2023 and due on 21 September 2023 were not submitted to the auditors.</p> <p>1. WHITE TRADING AND PROJECT: R120 000 2. THE WATER ACADEMY: R600 000 3. SHARP TRAVEL: R131 450 4. ABAVELELI FUNERAL SERVICES: R85 000 5. PANTHER BLACK INVESTMENTS: R358 300</p>			Ensure that all awards recorded in the award / contract register are scanned and filed on "SharePoint" to reduce the risk of missing documents.	Monthly	General Manager Supply Chain Management
	Deviations were not presented to council (COAF 7)	Inspection of supporting documentation revealed that the following projects were not presented to the council.			Ensure that all deviations are recorded and form part of the SCM report submitted to the council on a	Quarterly	General Manager Supply Chain Management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
					<p>quarterly basis.</p> <p>Management will transfer all payments that were not presented to council are transferred from the deviations register to the irregular expenditure register</p>		
	<p>Deviations had no signed memorandum (COAF 7) There was no approved memorandum (deviation memo) attached for the supplier below:</p>	<p>Inspection of supporting documentation revealed no signed Memorandum (deviation forms) for the following transactions.</p>	<p>1. Management did not ensure compliance with applicable laws and regulations.</p> <p>2. There was inadequate effective monitoring by management to ensure that the relevant information requested is submitted timeously to auditors.</p> <p>3. Management has failed to report these deviations in the next council meeting.</p> <p>4. The Municipality does not follow SCM policies and procedures correctly.</p>	<p>1. Management need to do proper planning to ensure that deviations are only done as per instances mentioned in the regulations. Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations for procurement of goods and services</p> <p>2. Management should provide the relevant information/documents as required by law within the stipulated timeframe as agreed on the engagement letter.</p> <p>3. Management should</p>	<p>- Scrutinize the supporting documentation of all deviations to ensure that an official memo approving the deviation has been included.</p> <p>- Ensure that all documentation supporting the deviation is scanned and filed on "SharePoint" to reduce the risk of missing documents.</p>	28-Feb-24	General Manager Supply Chain Management

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
				ensure that they report all the deviations to the next council meeting and disclose those in the financial statements as a note 4. All deviations are to be explained and approved by the delegated official and the irregular expenditure also need to be updated by management			
	SCM: Bids not evaluated using specific goals (COAF 20)	During the audit of Procurement and contract management testing, it was noted that the points pertaining to the bids listed below which were advertised post 16 January 2023 were evaluated using BBBEE level instead of the specified goals as stated in the invitation documents.	Management did not ensure compliance with applicable laws and regulations, lack of review of the bid evaluation by the adjudication committee	Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations for procurement of goods and services.	- Organise SCM training for all officials involved in the procurement process to ensure that they understand new regulations	31-Mar-24	General Manager Supply Chain Management
	SCM : Bids that are non-tax compliant(COAF 20)	Awards were made to bidders whose tax matters were not declared to be in order by the South African Revenue Services (SARS) at the time of award.	Lack of reviews by management before awarding the relevant winning bidder and this requirement is applicable even if you deviated from the normal procurement processes.	Management should ensure that all documents submitted by bidders are properly reviewed for tax status before making the award. When awarding, the bid evaluation and adjudication	All service providers identified as non-tax compliant were transferred to the irregular expenditure register.	29-Feb-24	General Manager Supply Chain Management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
				committees should make use of the CSD Compliance History Report to determine the tax compliance status of the prospective bidders prior making an award. If the tax status is non-compliant management should inform the supplier to fix their tax matter within seven day before the appointment.			
	SCM : Bids not advertised for the required days(COAF 20)	The following project was advertised for a period less that 30 days although the contract amount is more than R10 million.	Management has re-advertised the projects for a shorter period without having the approved deviation memorandum.	Management should ensure that if the closing date for submission of bids is less than the 30- or 14-days' requirement, deviation must be approved in accordance with the SCM policy requirements.	Ensure that a memorandum approved by the accounting officer in line with regulation 22(2) of the Municipal Supply Chain Management Regulations is filed together with the tender documents and submitted to the auditors on request.	29 Feb 2024	General Manager Supply Chain Management
	SCM: Preference Points Incorrectly Calculated (COAF 21)	During the audit of Procurement and contract management testing, it was noted that the Preferential points	Management did not ensure compliance with applicable laws and regulations. Lack of review of the bid evaluation by the	Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and	Before the finalisation of the BEC minutes a thorough review of the formulas used must be	On going	General Manager Supply Chain Management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		were inaccurately calculated for the bidders below:	adjudication committee.	regulations for procurement of goods and services.	rechecked by the SCM specialist to ensure compliance with the PPPFR		BEC chairpersons
	SCM: No evaluation of quotation (COAF 21)	During the audit of Procurement and contract management testing, it was noted that there was no evaluation performed for quotation 7408 as there was no evaluation report for this quotation.	Management did not ensure compliance with applicable laws and regulations.	Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations for procurement of goods and services.	Ensure that all documentation supporting the evaluation of quotations is scanned and filed on "SharePoint" to reduce the risk of missing documents.	Monthly	General Manager Supply Chain Management
	Not signed by delegated official Contract/SLA (COAF 22)	During the audit of procurement and contract management we noted that the following contracts were only signed by the successful bidder and were never signed by a delegated official of OR Tambo: The following contracts did not contain all the necessary information	The cause of the above finding is due to lack of controls by management to ensure compliance with MFMA with regards to contract management.	Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations for contract management.	SLAs for all bids to be submitted together with appointment letters to the accounting officer for signature to ensure that all SLAs a signed. Review all tender documents to ensure that all the clauses as per the GCC are included.	On going	General Manager Supply Chain management
	Project not monitored on a	During the audit of procurement and contract	Management did not ensure compliance	Management should review and monitor compliance with MFMA	Progress reports on the implementation	Monthly	General Manager Supply

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	monthly basis (COAF 22)	management we noted that contract management was not properly implemented as per the contract management clause on the service level agreement, as projects were not monitored by the Project Managers on a month to month basis.	with applicable laws and regulations.	116(2)(b). Management should implement contract management as per the contract management clause on the service level agreement	of the contract must be attached for all the months and where there was a period where the contract had challenges and no work done, such reports be prepared on a monthly basis.		Chain management
	Reasons for variation order not tabled to council members (COAF 22)	Contrary to the above, the following was noted: As per the SCM policies, reasons for variation order were not tabled in the council of the municipality:	The cause of the above finding is due to lack of control by management to ensure compliance with MFMA with regards to contract management.	Management should implement controls to ensure compliance with contract management requirement per MFMA and the municipalities supply chain policy.	Ensure that all variation orders are recorded and form part of the SCM report submitted to the council on a quarterly basis.	Quarterly	General Manager Supply Chain Management
	Contradiction of Contract Amount (COAF 22)	During the audit of contract management, the following differences were identified on the project below:	The cause of the finding is the lack of adequate reviews of the contract register.	a. Management should ensure that accurate and complete information is presented and disclosed for contract register. b. Management should ensure that there are regular reviews and monitoring of the contract register to ensure that information in the register is free from errors or mistakes.	Review and update the contract register on a monthly basis to ensure that all contract values, variation orders and payments are accurately captured.	On going	General Manager Supply Chain Management
	Expenditure amount exceeds	Contrary to the below- when testing	Management did not ensure that there are	Management should ensure that:	- A record of all previous	On going	General Manager Supply

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	Contract Value amount (COAF 22)	contract management, it was noted the expenditure incurred to date exceed the contract value amount:	proper review on contract management to ensure that is accurate and complete	There are regular reviews and monitoring of the contract register to ensure that information in the register is free from errors. There are sufficient controls in place to ensure compliance with applicable laws and regulations for contract management.	payment made should be maintain for all active contracts and the overall amount paid should always be checked against the contract value before the next payment is processed.		Chain Management
	SCM : No CIDB Notification or Management Support (COAF25)	The following suppliers were awarded contracts although their CIDB level are below than the ones required, no proof provided to prove that ORTDM notify the CIDB on the nature of financial or management support that is provided to the contractor.	Lack of reviews by management (bid evaluation committee and bid adjudication committee) before awarding the relevant winning bidder.	Management should ensure that they comply with laws and regulation in the procurement process. When they award lower level should ensure that they notify the CIDB on the nature of financial or management support that is provided to the contractor.	- Tender documents should clearly specify the required grades and equivalent grades to avoid confusion and disputes.	On going	General Manager Supply Chain Management
	Contract register: Completeness Issue (COAF 26)	During the testing of contract management, the following items were selected from the WIP register of ORTDM, however, the below listed projects could not be	This could be attributed to lack of controls that are not being implemented by management.	Management should ensure that all the projects of ORTDM are recorded in the contract register and there must be thorough reviews performed by management to ensure completeness	- Perform a reconciliation of WIP, Contract and Commitments register to ensure completeness of all these registers.	Quarterly	Asset Manager

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		traced to the contract register.					
	SCM: Three quotations not received no reasons documented and approved (COAF 47)	During the testing of SCM, It was noted that three quotations were not obtain and no reasons were recoded and approved by the chief financial officer or an official designated by the chief Financial Officer for the following transactions	Management received less than three quotation after they have advertised and continued to award the suppliers responded	Management should ensure that they record reasons for not obtaining three quotation and must be approved by chief financial officer or an official designated by the chief financial officer.	<ul style="list-style-type: none"> - In cases where less the three quotations were obtained, a document detailing the reasons for less than three quotations must be attached to the payment voucher. - All payment vouchers including the SCM documents must be scanned to avoid the loss of key documents. 	On going	General Manager Supply Chain Management
Expenditure Management	Cut-off – Employees' costs (COAF 12)	During the audit of the OR Tambo district municipality for the financial year ended on June 30, 2023, we found that overtime work performed during the 2021/22 financial year was incorrectly recognized in the 2022/23 financial year. These errors have led to an	<ol style="list-style-type: none"> 1. Management did not record journals to recognize delayed overtime payments in the periods in which employees worked overtime. 2. Management did not ensure the accurate calculation of overtime payments 	1. Management should revisit the entire overtime population and make necessary adjustments to ensure that Overtime is recognized accurately and in the appropriate accounting period.	<ul style="list-style-type: none"> - At capturing stage scrutinise overtime claims and ensure that they are recorded in correct periods. - On monthly bases review captured overtime claims to ensure that they were 	Quarterly	Manager: Accounting Services

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		overstatement of current-year employee costs and an understatement of prior-year employee costs and employee benefits liabilities in comparative figures			captured in correct periods.		
	Employee costs: Supporting schedules (COAF 14)	<p>During the audit of OR Tambo District Municipality for the financial year ended 30 June 2023, we have identified differences between the Payroll report and the Annual Financial Statements (AFS) pertaining to employee costs. These discrepancies encompass both overstatements and understatements, resulting in a cumulative misstatement of R4 006 107.48.</p> <p>A. Payroll Report and AFS (Annual Financial Statements):</p> <p>We agreed the Total Cost to Company as per the payroll with the Total Cost to</p>	<ul style="list-style-type: none"> Management did not adequately conduct thorough reconciliations of Payroll and General Ledger/Annual Financial Statements (GL/AFS) during AFS preparation phase. 	<ul style="list-style-type: none"> Conduct a detailed reconciliation process between payroll and AFS to identify and rectify discrepancies during AFS preparation phase. 	Management will perform monthly payroll reconciliation	Monthly	Manager: Accounting Services

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		<p>Company in the AFS and incorporated reconciling items. A misstatement of (R2 565 173.74) has been identified, representing an overstatement of employee costs.</p> <p>B. Allowances per Payroll and Allowances per AFS:</p> <p>Upon agreeing the allowances as per the payroll with those in the AFS, we noted discrepancies, resulting in a cumulative understatement of R1 366 604.48 in employee costs.</p> <p>C. Contributions per Payroll and Contributions per AFS:</p> <p>We agreed contributions as per the payroll with contributions as per AFS and noted differences, resulting in a total understatement of</p>					

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		R5 204 676.74 in employee costs.					
	Expenditure (Cut-off): Transactions recorded in an incorrect accounting period - Cut-off (Iss. 44) (COAF 33)	During the audit of transaction before year end and after year end, the following cut-off issues were identified:-	This is due to lack of adequate reviews by the management.	The management should ensure that regular reviews on daily transactions are done, to avoid misclassification of transactions.	At capturing stage scrutinise supplier invoice and ensure that they are recorded in correct periods. - On monthly bases review captured invoices to ensure that they were captured in correct periods.	Quarterly	Manager: Accounting Services
	Expenditure Management (COAF 52)	During the audit of expenditure management, it was noted that the municipality have inadequate management, accounting and information system which recognized expenditure and creditors when incurred or accounted for when payments are made, as we have identified in the current and prior year material internal control deficiencies that	The municipality have inadequate management, accounting and information system which recognized expenditure and creditors when incurred or accounted for when payments are made.	Management should develop and implement controls over IT systems to ensure that the reliability of the systems for accuracy and protection of information. Management should monitor compliance with MFMA sec 65 (2)(b).	Maintain a register of all invoices and trace all recorded invoices to the GL to ensure that they are all recorded under correct items and in correct periods.	31-Mar-24	Manager: AFS & Reconciliation

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		resulted material misstatements in expenditure and/or creditors. The following table a details of material misstatements identified.					
	Expenditure Management (COAF 52)	<p>Reasonable steps were not taken to prevent irregular expenditure amounting to R170 766 013 as disclosed in note 59 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by expenditure contrary to SCM on invitation of quotations and awarding of contracts.</p> <p>Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 933 948, as disclosed in note 58 to the annual financial statements, in contravention of</p>	The municipality did not take reasonable steps to prevent re-curing of irregular, fruitless and wasteful expenditure an unauthorized expenditure	Management should develop and implement preventative controls over re-curing of irregular, fruitless and wasteful expenditure an unauthorized expenditure to ensure compliance with MFMA sec 62 (1) (d).	<ul style="list-style-type: none"> - Organise SCM training and re-training for all officials involved in the procurement process to ensure that they understand and implement SCM regulations - Appoint a procurement specialist to review successful bids before awards. All errors identified during the review should be recorded and form part of the next training of SCM officials to prevent the recurrence of the same errors. 	29-Feb-24	General Manager Supply Chain Management

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		<p>section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest paid.</p> <p>Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 93 516 361, as disclosed in note 57 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.</p>					
Internal control deficiencies	<p>Service Charges: Reasonability and validity of the estimates used to calculate billed consumption could not be assessed. (COAF 23)</p>	<p>The following items were estimated for the units of water consumption that was used to calculate amount billed and there is no clarity on the method used to estimate consumption. The Municipality is supposed to be performing monthly readings, it is unclear how the Municipality estimates the</p>	<p>The municipality is unable to obtain actual meter readings for some of the customers due to various reasons which are however not supported by valid evidence and / or indicated in the meter reading report.</p> <p>The Municipality did not take into account tariffs approved in 2020/2021 and</p>	<p>Manage should update policy and procedures to be aligned with day-to-day operations of the Municipality.</p> <p>The Municipality should ensure to provide a detailed procedure on how to estimate consumption for extended periods of time as there are other variables that should be accounted for when estimating over an</p>	<p>- Review and update the policy to specifically outline the procedures to be followed on cases where it is impractical to read water meters and for how long.</p>	31-May-23	Revenue Manager

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		consumption as the per the above policy especially where meters are not read for substantially longer periods. Therefore, there is a limitation as we are not able to assess the reasonability and validity of the estimate used: Misstatements Actual consumption over extended period billed using 2023 rate)	2021/2022 financial year in accounting for revenue from actual consumption after having not read the meters for an extended period of time.	extended period. It is not reasonable to estimate that a customer used an unadjusted estimated consumption for an extended period. Where management has not performed meter reading for an extended period, consider the use of the average tariff price over 2/3 years when determining revenue of actual consumption.			
	Service Charges: Limitation Service charges not billed which resulted in revenue being incomplete. (COAF 23)	O.R Tambo District Municipality uses Solar system to account for service charges and the system quite complex. During the testing of revenue completeness, is was noted that the are customers that are not billed due to various reasons noted below which resulted in the revenue being incomplete. No billing of	The municipality is unable to obtain actual meter readings for some of the customers due to various reasons which are however not supported by valid evidence and / or indicated in the meter reading report. Furthermore, the Municipality does not keep a record of all customers that should not be billed.	Management should that maintain a system of internal control in respect revenue processes by establishing & implementing practical solution which can be measured against time and other metrics. Management should update policy to account for current operational billing conditions. Generate monthly reports for accounts not billed, investigate why accounts were not billed	- Print-out an exception report on a monthly basis listing all customers not billed and the reasons thereof. - On quarterly basis follow up on unbilled customers to confirm that the conditions and reasons for not billing are still valid.	Monthly Quarterly	Revenue Manager

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		sewerage and sanitation for land not serviced with insufficient evidence to confirm if land is land not serviced. No billing of water for reasons noted below:		and bill customers where billing should be performed			
	Contract Management: Contract register - internal control deficiencies (COAF 26)	On review of the contract register the following internal control deficiencies were identified: <ul style="list-style-type: none"> • Projects with no bid numbers • Projects with no contract duration stipulated • Projects with no contract appointment date stipulated • Projects with no contract termination date • Projects with no contract amount paid to date • Status of the project (Active, Terminated, Replace, On hold etc) 	This is failure by management to ensure that they keep accurate contract register that is updated on regular basis and in prescribe norm and standard.	Management should ensure that there are regular reviews and monitoring of the contract register to ensure that information in the register is accurate and complete.	Perform a thorough review of the contract register and follow up on missing information to ensure that the contract register is fully populated.	On going	General Manager Supply Chain Management
Restatement of correspondence figures	Commitments - Prior year restatement	While testing the prior year restated amount, it was noted that incorrect information was submitted for the following projects and therefore giving rise	This has taken place due to the lack of appropriate management review of the Commitment/Contract Register to ensure that commitments	Management should ensure that the Contracts/Commitments Register is appropriately reviewed to ensure that all commitments listed have been valued correctly at the 30 June	As errors identified in 2022 and 2023 register were resolved, going forwarded: - Accuracy: On quarterly basis,	Quarterly	Manager: Capital Projects

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		<p>to a limitation of scope: Furthermore, differences were noted in the contract amounts between the commitments register and the appointment letters/SLA/contracts, thus causing differences in the commitments amount at the end of the period. Please see below the projects where these were identified: The following projects were noted to have been completed after 30 June 2022 and as such, were incorrectly excluded from the 30 June 2022 balance:</p>	have been appropriately stated	2022 and that the necessary documentation is available to confirm the valuation of these commitments.	<p>review all additions to the register and verify them against the appointment letter and variation orders (if any) to ensure that contract values are correctly recorded. - Cut-off: On quarterly basis, obtain a list of completed projects and ensure that they are not included in the commitments register</p>		
	Capital Commitments - Disagreement (COAF 17)	While testing the capital commitments balance disclosed in the annual financial statement, the following misstatements were noted and it was noted that retention amounts were incorrectly calculated and therefore the	This has taken place due to the lack of appropriate management review of the Commitment/Contract Register to ensure that commitments have been appropriately stated	Management should ensure that the Contracts/Commitments Register is appropriately reviewed to ensure that all commitments listed have been valued correctly at the 30 June 2023	<p>- Retention: On quarterly basis, Verify the retention amount against the payment certificate to ensure that correct retention amount is recorded. - Payments: On</p>	Quarterly	Manager: Capital Projects

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		commitments balances were incorrectly stated: Furthermore, the following misstatements were noted to be due to expenditure to date amounts being incorrectly stated: The following misstatement is due to a limitation of scope:			quarterly basis, Verify all payments against the payment vouchers to ensure the accuracy of the recorded amounts.		
Procurement and Contract management	SCM : Supplier submitted a false declaration (COAF 6)	The below listed suppliers are connected to persons employed by the state, however, suppliers did not declare the connection.	The municipality only relies on the declaration of interest (MBD 4) submitted by the supplier and CSD reports.	Management should investigate the identified suppliers to get an understanding as to why the supplier failed to declare. Where applicable, the results of the investigation should be reported to National Treasury for inclusion in the register of restricted suppliers. Management should keep a register of suppliers that have been identified as being in-service of the state and use the register to ensure that awards are not made to the same suppliers who have failed to disclose this fact.	- Maintain a register of false declarations and people in service of state. - Ensure that all service providers that were successfully in the tender / quotation process are checked against this register before appointment letters are issued. All employees to sign off declaration of interest to	29-Feb-24	General Manager Supply Chain Management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
					indicate their involvement with suppliers that are doing business with the municipality.		
	SCM: Deviation not disclosed on AFS (COAF 6)	The following deviations were not included as a note to the annual financial statements	Lack of oversight by management in ensuring that laws and regulations applicable to the municipality are complied with.	Management should ensure that all deviations are disclosed in the note of financial statements as required.	Deviation register to be updated and signed-off as evidence review on a quarterly basis for completeness	Monthly	General Manager Supply Chain Management
	Deviations does not meet the classification as per the requirements (COAF 7) 1. The reasons for the following awards are not reasonable and justifiable because they appear to be due to poor planning	Awards were not made through the normal SCM process due to service provider being a sole supplier and in the auditor's knowledge and/or research, there are other available providers for the commodity/ service as there was no market analysis done to substantiate the sole provider.			Management will transfer from the deviations register all payments related to deviations that do not meet the criteria and disclose the expenditure as irregular	31 April 2024	General Manager Supply Chain Management
	MBD forms (COAF 7)	During the execution of procurement and contract management (deviations) it was noted that MBD 4,- MBD 8 and MBD 9 were requested from			Ensure that all awards recorded in the award / contract register are scanned and filed on "SharePoint" to reduce the risk	Monthly	General Manager Supply Chain Management

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		<p>management through RFI 57 – Deviations on 19 September 2023 and due on 21 September 2023 were not submitted to the auditors.</p> <p>.</p> <p>1. WHITE TRADING AND PROJECT: R120 000 2. THE WATER ACADEMY: R600 000 3. SHARP TRAVEL: R131 450 4. ABAVELELI FUNERAL SERVICES: R85 000 5. PANTHER BLACK INVESTMENTS: R358 300</p>			of missing documents.		
	Deviations were not presented to council (COAF 7)	Inspection of supporting documentation revealed that the following projects were not presented to the council.			<p>Ensure that all deviations are recorded and form part of the SCM report submitted to the council on a quarterly basis.</p> <p>Management will transfer all payments that were not presented to council are</p>	Quarterly	General Manager Supply Chain Management

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
					transferred from the deviations register to the irregular expenditure register		
	<p>Deviations had no signed memorandum (COAF 7) There was no approved memorandum (deviation memo) attached for the supplier below:</p>	<p>Inspection of supporting documentation revealed no signed Memorandum (deviation forms) for the following transactions.</p>	<p>1. Management did not ensure compliance with applicable laws and regulations. 2. There was inadequate effective monitoring by management to ensure that the relevant information requested is submitted timeously to auditors. 3. Management has failed to report these deviations in the next council meeting. 4. The Municipality does not follow SCM policies and procedures correctly.</p>	<p>1. Management need to do proper planning to ensure that deviations are only done as per instances mentioned in the regulations. Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations for procurement of goods and services 2. Management should provide the relevant mentioned information/documents as required by law within the stipulated timeframe as agreed on the engagement letter. 3. Management should ensure that they report all the deviations to the next council meeting and disclose those in the financial statements as a note 4. All deviations are to be explained and</p>	<p>- Scrutinize the supporting documentation of all deviations to ensure that an official memo approving the deviation has been included. - Ensure that all documentation supporting the deviation is scanned and filed on "SharePoint" to reduce the risk of missing documents.</p>	28-Feb-24	General Manager Supply Chain Management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
				approved by the delegated official and the irregular expenditure also need to be updated by management			
	SCM: Bids not evaluated using specific goals (COAF 20)	During the audit of Procurement and contract management testing, it was noted that the points pertaining to the bids listed below which were advertised post 16 January 2023 were evaluated using BBBEE level instead of the specified goals as stated in the invitation documents.	Management did not ensure compliance with applicable laws and regulations, lack of review of the bid evaluation by the adjudication committee	Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations for procurement of goods and services.	- Organise SCM training for all officials involved in the procurement process to ensure that they understand new regulations	31-Mar-24	General Manager Supply Chain Management
	SCM : Bids that are non-tax compliant(COAF 20)	Awards were made to bidders whose tax matters were not declared to be in order by the South African Revenue Services (SARS) at the time of award.	Lack of reviews by management before awarding the relevant winning bidder and this requirement is applicable even if you deviated from the normal procurement processes.	Management should ensure that all documents submitted by bidders are properly reviewed for tax status before making the award. When awarding, the bid evaluation and adjudication committees should make use of the CSD Compliance History Report to determine the tax compliance status of the prospective bidders prior making an award. If the tax status	All service providers identified as non-tax compliant were transferred to the irregular expenditure register.	29-Feb-24	General Manager Supply Chain Management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
				is non-compliant management should inform the supplier to fix their tax matter within seven day before the appointment.			
	SCM : Bids not advertised for the required days(COAF 20)	The following project was advertised for a period less than 30 days although the contract amount is more than R10 million.	Management has re-advertised the projects for a shorter period without having the approved deviation memorandum.	Management should ensure that if the closing date for submission of bids is less than the 30- or 14-days' requirement, deviation must be approved in accordance with the SCM policy requirements.	Ensure that a memorandum approved by the accounting officer in line with regulation 22(2) of the Municipal Supply Chain Management Regulations is filed together with the tender documents and submitted to the auditors on request.	29 Feb 2024	General Manager Supply Chain Management
	SCM: Preference Points Incorrectly Calculated (COAF 21)	During the audit of Procurement and contract management testing, it was noted that the Preferential points were inaccurately calculated for the bidders below:	Management did not ensure compliance with applicable laws and regulations. Lack of review of the bid evaluation by the adjudication committee.	Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations for procurement of goods and services.	Before the finalisation of the BEC minutes a thorough review of the formulas used must be rechecked by the SCM specialist to ensure compliance with the PPPFR	On going	General Manager Supply Chain Management BEC chairpersons
	SCM: No evaluation of	During the audit of Procurement and	Management did not ensure compliance	Management should ensure that there are	Ensure that all documentation	Monthly	General Manager Supply

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	quotation (COAF 21)	contract management testing, it was noted that there was no evaluation performed for quotation 7408 as there was no evaluation report for this quotation.	with applicable laws and regulations.	sufficient controls in place to ensure compliance with applicable laws and regulations for procurement of goods and services.	supporting the evaluation of quotations is scanned and filed on "SharePoint" to reduce the risk of missing documents.		Chain Management
	Not signed by delegated official Contract/SLA (COAF 22)	During the audit of procurement and contract management we noted that the following contracts were only signed by the successful bidder and were never signed by a delegated official of OR Tambo: The following contracts did not contain all the necessary information	The cause of the above finding is due to lack of controls by management to ensure compliance with MFMA with regards to contract management.	Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations for contract management.	SLAs for all bids to be submitted together with appointment letters to the accounting officer for signature to ensure that all SLAs a signed. Review all tender documents to ensure that all the clauses as per the GCC are included.	On going	General Manager Supply Chain management
	Project not monitored on a monthly basis (COAF 22)	During the audit of procurement and contract management we noted that contract management was not properly implemented as per the contract management clause on the service level	Management did not ensure compliance with applicable laws and regulations.	Management should review and monitor compliance with MFMA 116(2)(b). Management should implement contract management as per the contract management clause on the service level agreement	Progress reports on the implementation of the contract must be attached for all the months and where there was a period where the contract had challenges and	Monthly	General Manager Supply Chain management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		agreement, as projects were not monitored by the Project Managers on a month to month basis.			no work done, such reports be prepared on a monthly basis.		
	Reasons for variation order not tabled to council members (COAF 22)	Contrary to the above, the following was noted: As per the SCM policies, reasons for variation order were not tabled in the council of the municipality:	The cause of the above finding is due to lack of control by management to ensure compliance with MFMA with regards to contract management.	Management should implement controls to ensure compliance with contract management requirement per MFMA and the municipalities supply chain policy.	Ensure that all variation orders are recorded and form part of the SCM report submitted to the council on a quarterly basis.	Quarterly	General Manager Supply Chain Management
	Contradiction of Contract Amount (COAF 22)	During the audit of contract management, the following differences were identified on the project below:	The cause of the finding is the lack of adequate reviews of the contract register.	a. Management should ensure that accurate and complete information is presented and disclosed for contract register. b. Management should ensure that there are regular reviews and monitoring of the contract register to ensure that information in the register is free from errors or mistakes.	Review and update the contract register on a monthly basis to ensure that all contract values, variation orders and payments are accurately captured.	On going	General Manager Supply Chain Management
	Expenditure amount exceeds Contract Value amount (COAF 22)	Contrary to the below- when testing contract management, it was noted the expenditure incurred to date exceed the contract value amount:	Management did not ensure that there are proper review on contract management to ensure that is accurate and complete	Management should ensure that: There are regular reviews and monitoring of the contract register to ensure that information in the register is free from errors. There are sufficient	- A record of all previous payment made should be maintain for all active contracts and the overall amount paid should always be checked	On going	General Manager Supply Chain Management

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
				controls in place to ensure compliance with applicable laws and regulations for contract management.	against the contract value before the next payment is processed.		
	SCM : No CIDB Notification or Management Support (COAF25)	The following suppliers were awarded contracts although their CIDB level are below than the ones required, no proof provided to prove that ORTDM notify the CIDB on the nature of financial or management support that is provided to the contractor.	Lack of reviews by management (bid evaluation committee and bid adjudication committee) before awarding the relevant winning bidder.	Management should ensure that they comply with laws and regulation in the procurement process. When they award lower level should ensure that they notify the CIDB on the nature of financial or management support that is provided to the contractor.	- Tender documents should clearly specify the required grades and equivalent grades to avoid confusion and disputes.	On going	General Manager Supply Chain Management
	Contract register: Completeness Issue (COAF 26)	During the testing of contract management, the following items were selected from the WIP register of ORTDM, however, the below listed projects could not be traced to the contract register.	This could be attributed to lack of controls that are not being implemented by management.	Management should ensure that all the projects of ORTDM are recorded in the contract register and there must be thorough reviews performed by management to ensure completeness	- Perform a reconciliation of WIP, Contract and Commitments register to ensure completeness of all these registers.	Quarterly	Asset Manager
	SCM : Three quotations not received no reasons documented and	During the testing of SCM, It was noted that three quotations were not obtain and no reasons were recoded and	Management received less than three quotations after they have advertised and continued to	Management should ensure that they record reasons for not obtaining three quotation and must be approved by chief	- In cases where less the three quotations were obtained, a document detailing the	On going	General Manager Supply Chain Management

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	approved (COAF 47)	approved by the chief financial officer or an official designated by the chief Financial Officer for the following transactions	award the suppliers responded	financial officer or an official designated by the chief financial officer.	reasons for less than three quotations must be attached to the payment voucher. - All payment vouchers including the SCM documents must be scanned to avoid the loss of key documents.		
Expenditure Management	Cut-off – Employees' costs (COAF 12)	During the audit of the OR Tambo district municipality for the financial year ended on June 30, 2023, we found that overtime work performed during the 2021/22 financial year was incorrectly recognized in the 2022/23 financial year. These errors have led to an overstatement of current-year employee costs and an understatement of prior-year employee costs and employee benefits liabilities in comparative figures	1. Management did not record journals to recognize delayed overtime payments in the periods in which employees worked overtime. 2. Management did not ensure the accurate calculation of overtime payments	1. Management should revisit the entire overtime population and make necessary adjustments to ensure that Overtime is recognized accurately and in the appropriate accounting period.	- At capturing stage scrutinise overtime claims and ensure that they are recorded in correct periods. - On monthly bases review captured overtime claims to ensure that they were captured in correct periods.	Quarterly	Manager: Accounting Services

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	Employee costs: Supporting schedules (COAF 14)	<p>During the audit of OR Tambo District Municipality for the financial year ended 30 June 2023, we have identified differences between the Payroll report and the Annual Financial Statements (AFS) pertaining to employee costs. These discrepancies encompass both overstatements and understatements, resulting in a cumulative misstatement of R4 006 107.48.</p> <p>A. Payroll Report and AFS (Annual Financial Statements):</p> <p>We agreed the Total Cost to Company as per the payroll with the Total Cost to Company in the AFS and incorporated reconciling items. A misstatement of (R2 565 173.74) has been identified, representing an overstatement of</p>	<ul style="list-style-type: none"> Management did not adequately conduct thorough reconciliations of Payroll and General Ledger/Annual Financial Statements (GL/AFS) during AFS preparation phase. 	<ul style="list-style-type: none"> Conduct a detailed reconciliation process between payroll and AFS to identify and rectify discrepancies during AFS preparation phase. 	Management will perform monthly payroll reconciliation	Monthly	Manager: Accounting Services

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		<p>employee costs.</p> <p>B. Allowances per Payroll and Allowances per AFS:</p> <p>Upon agreeing the allowances as per the payroll with those in the AFS, we noted discrepancies, resulting in a cumulative understatement of R1 366 604.48 in employee costs.</p> <p>C. Contributions per Payroll and Contributions per AFS:</p> <p>We agreed contributions as per the payroll with contributions as per AFS and noted differences, resulting in a total understatement of R5 204 676.74 in employee costs.</p>					
	Expenditure (Cut-off): Transactions recorded in an incorrect accounting period	During the audit of transaction before year end and after year end, the following cut-off	This is due to lack of adequate reviews by the management.	The management should ensure that regular reviews on daily transactions are done, to avoid	At capturing stage scrutinise supplier invoice and ensure that they are recorded in	Quarterly	Manager: Accounting Services

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	- Cut-off (Iss. 44) (COAF 33)	issues were identified:-		misclassification of transactions.	correct periods. - On monthly bases review captured invoices to ensure that they were captured in correct periods.		
	Expenditure Management (COAF 52)	During the audit of expenditure management, it was noted that the municipality have inadequate management, accounting and information system which recognized expenditure and creditors when incurred or accounted for when payments are made, as we have identified in the current and prior year material internal control deficiencies that resulted material misstatements in expenditure and/or creditors. The following table a details of material misstatements identified.	The municipality have inadequate management, accounting and information system which recognized expenditure and creditors when incurred or accounted for when payments are made.	Management should develop and implement controls over IT systems to ensure that the reliability of the systems for accuracy and protection of information. Management should monitor compliance with MFMA sec 65 (2)(b).	Maintain a register of all invoices and trace all recorded invoices to the GL to ensure that they are all recorded under correct items and in correct periods.	31-Mar-24	Manager: AFS & Reconciliation

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	Expenditure Management (COAF 52)	<p>Reasonable steps were not taken to prevent irregular expenditure amounting to R170 766 013 as disclosed in note 59 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by expenditure contrary to SCM on invitation of quotations and awarding of contracts.</p> <p>Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 933 948, as disclosed in note 58 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest paid.</p>	The municipality did not take reasonable steps to prevent re-curing of irregular, fruitless and wasteful expenditure an unauthorized expenditure	Management should develop and implement preventative controls over re-curing of irregular, fruitless and wasteful expenditure an unauthorized expenditure to ensure compliance with MFMA sec 62 (1) (d).	<ul style="list-style-type: none"> - Organise SCM training and re-training for all officials involved in the procurement process to ensure that they understand and implement SCM regulations - Appoint a procurement specialist to review successful bids before awards. All errors identified during the review should be recorded and form part of the next training of SCM officials to prevent the recurrence of the same errors. 	29-Feb-24	General Manager Supply Chain Management

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 93 516 361, as disclosed in note 57 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.					
Internal control deficiencies	Service Charges: Reasonability and validity of the estimates used to calculate billed consumption could not be assessed. (COAF 23)	The following items were estimated for the units of water consumption that was used to calculate amount billed and there is no clarity on the method used to estimate consumption. The Municipality is supposed to be performing monthly readings, it is unclear how the Municipality estimates the consumption as the per the above policy especially where meters are not read for substantially longer periods. Therefore, there is a limitation as we are	The municipality is unable to obtain actual meter readings for some of the customers due to various reasons which are however not supported by valid evidence and / or indicated in the meter reading report. The Municipality did not take into account tariffs approved in 2020/2021 and 2021/2022 financial year in accounting for revenue from actual consumption after having not read the meters for an extended period of time.	Manage should update policy and procedures to be aligned with day-to-day operations of the Municipality. The Municipality should ensure to provide a detailed procedure on how to estimate consumption for extended periods of time as there are other variables that should be accounted for when estimating over an extended period. It is not reasonable to estimate that a customer used an unadjusted estimated consumption for an extended period. Where management	- Review and update the policy to specifically outline the procedures to be followed on cases where it is impractical to read water meters and for how long.	31-May-23	Revenue Manager

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		<p>not able to assess the reasonability and validity of the estimate used:</p> <p>Misstatements Actual consumption over extended period billed using 2023 rate)</p>		has not performed meter reading for an extended period, consider the use of the average tariff price over 2/3 years when determining revenue of actual consumption.			
	<p>Service Charges: Limitation Service charges not billed which resulted in revenue being incomplete. (COAF 23)</p>	<p>O.R Tambo District Municipality uses Solar system to account for service charges and the system quite complex. During the testing of revenue completeness, it was noted that there are customers that are not billed due to various reasons noted below which resulted in the revenue being incomplete.</p> <p>No billing of sewerage and sanitation for land not serviced with insufficient evidence to confirm if land is land not serviced. No billing of water for reasons noted below:</p>	<p>The municipality is unable to obtain actual meter readings for some of the customers due to various reasons which are however not supported by valid evidence and / or indicated in the meter reading report.</p> <p>Furthermore, the Municipality does not keep a record of all customers that should not be billed.</p>	<p>Management should that maintain a system of internal control in respect revenue processes by establishing & implementing practical solution which can be measured against time and other metrics.</p> <p>Management should update policy to account for current operational billing conditions.</p> <p>Generate monthly reports for accounts not billed, investigate why accounts were not billed and bill customers where billing should be performed</p>	<ul style="list-style-type: none"> - Print-out an exception report on a monthly basis listing all customers not billed and the reasons thereof. - On quarterly basis follow up on unbilled customers to confirm that the conditions and reasons for not billing are still valid. 	<p>Monthly</p> <p>Quarterly</p>	Revenue Manager

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	Contract Management: Contract register - internal control deficiencies (COAF 26)	On review of the contract register the following internal control deficiencies were identified: <ul style="list-style-type: none"> • Projects with no bid numbers • Projects with no contract duration stipulated • Projects with no contract appointment date stipulated • Projects with no contract termination date • Projects with no contract amount paid to date • Status of the project (Active, Terminated, Replace, On hold etc) 	This is failure by management to ensure that they keep accurate contract register that is updated on regular basis and in prescribe norm and standard.	Management should ensure that there are regular reviews and monitoring of the contract register to ensure that information in the register is accurate and complete.	Perform a thorough review of the contract register and follow up on missing information to ensure that the contract register is fully populated.	On going	General Manager Supply Chain Management
Property, plant and equipment	1. PPE – Completed assets not used effectively (COAF 32)	The following assets were constructed by the auditee, but were not in use: Construction of stage 2 civils and M &E were not prioritised and in the current year the budget committee of R100 million was redirected to other projects. No construction work performed in the water treatment	This was mainly due to poor project management processes and management not utilising the allocated budget to complete the construction of stage 2 civils and M&E, which has resulted in communities in the Mthatha, Libode and Ngqeleni not having access to water.	Management should ensure implement proper project management processes to ensure that all completed assets are utilized as planned and resources budgeted for are utilized for the planned project.			

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		work. An amount of R67 million meant for the project in the current year, went to other projects.					
	6. Retention Amounts Not withheld for incomplete Projects (COAF 22)	Contrary to the requirement above - when testing contract management, it was noted that retention amounts were not withheld for the project below:	Project Managers did not ensure that retention amounts were withheld for projects that are still not yet complete.	Management should ensure that: a. There is proper record keeping ensuring accurate and complete information is presented and disclosed for retentions on the annual financial statements. b. There are regular reviews and monitoring of the retention register to ensure that information in the register is free from errors.			
Procurement and Contract management	2. Project not monitored on a monthly basis (COAF 22)	During the audit of procurement and contract management we noted that contract management was not properly implemented as per the contract management clause on the service level agreement, as projects were not monitored by the	Management did not ensure compliance with applicable laws and regulations.	Management should review and monitor compliance with MFMA 116(2)(b). Management should implement contract management as per the contract management clause on the service level agreement			

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		Project Managers on a month to month basis.					
Procurement and Contract management	Officials did not declare interest in supplier (COAF 6)	Some officials did not declare that they have interest in suppliers and their spouse are doing business with ORTDM:	The management did not perform declaration of interest and business on its employees during the current year.	Management should ensure that they perform the declaration of interest to its employee and must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate.			
	No gift register prepared by management (COAF 20)	Management did not prepare gift register for 2022/23 financial year, this was requested in RFI 006 of 2023 BP: SCM and RFI 30 of 2023 – SCM Competitive Bids.	Management failed to ensure compliance with applicable laws and regulations by preparing a gift register for all the gift received by the municipality.	Management should ensure that they prepare gift register for all the gifts received by the municipality and use it during the procurement process as required.			
Asset Management	Contingent assets: Misstatement (COAF 34)	During the audit of contingent assets, it was noted that the Municipality had 3 cases ruled in its favour.	The cause of the finding is lack of adequate reviews of the Annual Financial Statements and the supporting schedules before the AFS are submitted for audit.	Management should ensure that the Annual Financial Statements are adequately reviewed and reconciled in terms of GRAP requirements before submission for audit.			
Employee Related Costs	Managers directly accountable to municipal managers: Remuneration	Government Gazette number 47538, issued on 18 November 2022, provides a	Management did not ensure that the remuneration packages provided to managers directly	• Management must ensure that remuneration packages for managers directly accountable to			

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
	exceed upper limits (COAF 40)	<p>comprehensive overview of the upper limits for total remuneration packages for municipal managers and those directly accountable to them. This publication falls under the jurisdiction of the Minister of Cooperative Governance and Traditional Affairs, who wields this authority in accordance with Section 72(1)(g) of the Local Government Municipal Systems Act, 2000. Specifically, the gazette outlines the upper limits for the total remuneration packages payable to managers directly accountable to municipal managers.</p> <p>Detailed within this gazette are the specifics of variables and formulas employed for allocating points per variable. Employing</p>	accountable to municipal managers adhere to the prescribed upper limits as outlined in the gazette.	municipal managers adhere to the specified upper limits as outlined in the gazette.			

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		<p>these criteria, we conducted a calculation to determine the category of the district municipality. We found that, for the determination of upper limits on remuneration for managers directly accountable to municipal managers, the district municipality falls into category 6. The designated maximum for the Total Remuneration Package (Maximum) for senior managers in a category 6 municipality is established at R1 620 698.00.</p> <p>Upon reviewing the total remuneration disbursed to senior managers for the months worked, we found that, the remuneration of some managers surpassed the stipulated upper limit. This non-compliance directly violates</p>					

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		Section 72(1) (g) of the Municipal Systems Act, which governs the remuneration of managers directly accountable to municipal managers.					
PREDETERMINED OBJECTIVES: STRATEGIC PLANNING AND GOVERNANCE							
Strategic planning and performance management	Predetermined objectives KPA 1 : Indicator P005 - Sanitation (COAF 9)	<p>1. Current year progress reports indicating the number of VIP units completed in the current year were not submitted for audit.</p> <p>2. For the sanitation projects listed below, the number of units completed differed to those indicate in the progress reports and/or bill of quantities provided by the municipality</p> <p>3. There were units complete for the following sanitation projects during the current year, however the achievements were not reported in the annual performance report.</p> <p>4. Current year progress reports</p>		Management should implement necessary controls to ensure that there is adequate supporting documentation to substantiate the number of households with access to basic level of sanitation. There documentations must further included contractor progress reports and bill of quantities that reflect the number of units that have been completed.			

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		<p>indicating the number of VIP units completed in the current year were not submitted for audit for the following project, therefore the value of units completed cannot be confirmed.</p> <p>There was no adequate review to ensure that reported information reflects the actual work that has been completed.</p> <p>These has resulted in a material limitation of scope in relation to the achievements reported in indicator P005 on the number of household provided with the basic level of sanitation</p>					
	KPA 1 : Indicator P004 - Water Supply (COAF 09)	<p>During the audit of performance information the following issues were identified:</p> <p>1. The following water supply project was recorded as being completed on</p>		<p>Management should implement necessary controls to ensure that there is adequate supporting documentation to substantiate the number of households with access to basic</p>			

Section	Paragraph/summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		the infrastructure asset register (WIP), however it was not included in the annual performance report 2. The following water supply project was recorded as complete in the APR, however on physical verifications the taps had no water and the reservoir was empty, therefore no household are being provided with access to water.		level of water. There documentations must further included contractor progress reports and bill of quantities that reflect the number of households that the water scheme has supplied.			
Procurement and Contract management	Project not monitored on a monthly basis (COAF 22)	During the audit of procurement and contract management we noted that contract management was not properly implemented as per the contract management clause on the service level agreement, as projects were not monitored by the Project Managers on a month to month basis.	Management did not ensure compliance with applicable laws and regulations.	Management should review and monitor compliance with MFMA 116(2)(b). Management should implement contract management as per the contract management clause on the service level agreement			
Material Irregularity	Financial Loss	The Municipality made overpayment	Non compliance with the legislation.		The material irregularity will		

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		of Covid 19 danger allowance to its employees who worked during the level 3 of National Lockdown. Alert level 3 was in place since 01 June 2021 and the non compliance was identified on 21 November 2021. This resulted in non compliance with section 65(2)(a) of the MFMA which requires that the Municipality should have and maintain an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.			be tabled to Mayoral Committee subsequently to the Council on 08 December 2023. The investigation will be done by 30 March 2024 and the recommendation of the Disciplinary board will be taken to Council and the accounting officer will implement the resolution by 31 May 2024.		
Control Environment	Recommendations made	The Municipality should develop a policy register as a monitoring tool as this will improve the control environment.	Recommendations not implemented in prior year	Management should develop a policy register as a monitoring tool and ensure that they review their policies accordingly before the start of the next financial year.			
Procurement and Contract Management	Project not monitored on a monthly basis (COAF 22)	During the audit of procurement and contract management we	Management did not ensure compliance with applicable laws and regulations.	Management should review and monitor compliance with MFMA 116(2)(b). Management	Management will ensure that projects are monitored		

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		noted that contract management was not properly implemented as per the contract management clause on the service level agreement, as projects were not monitored by the Project Managers on a month to month basis.		should implement contract management as per the contract management clause on the service level agreement	regularly and reports submitted with the exception where there are matters beyond its control where there are issues with funding and sites that have been abandoned and left by the contractors due to disputes		
Procurement and Contract management	2. Project not monitored on a monthly basis (COAF 22)	During the audit of procurement and contract management we noted that contract management was not properly implemented as per the contract management clause on the service level agreement, as projects were not monitored by the Project Managers on a month to month basis.	Management did not ensure compliance with applicable laws and regulations.	Management should review and monitor compliance with MFMA 116(2)(b). Management should implement contract management as per the contract management clause on the service level agreement			
Procurement and Contract management	2. Project not monitored on a monthly basis (COAF 22)	During the audit of procurement and contract management we noted that contract management was	Management did not ensure compliance with applicable laws and regulations.	Management should review and monitor compliance with MFMA 116(2)(b). Management should implement contract management			

Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendation	Action	Due Date	Responsible Person
		not properly implemented as per the contract management clause on the service level agreement, as projects were not monitored by the Project Managers on a month to month basis.		as per the contract management clause on the service level agreement			

APPENDICES

APPENDIX A – COUNCILLORS: COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

1. List of Council Members

No	Surname & Initial	Designation	Other
1	Capa N.Y.	SPEAKER	
2	Ngqondwana M.D.	EXECUTIVE MAYOR g	
3	Ngqongwa N.	CHIEF WHIP	
4	Sokanyile T.	DEPUTY EXECUTIVE MAYOR	
5	Ngudle M.P.	MMC: INFRASTRUCTURE: WATER AND SANITATION SERVICES	
6	Giyose M.R.	MMC: BTO	
7	Mdledle N.U.	MMC: CORPORATE SERVICES	
8	Gcingca N.	MMC: COMMUNITY SERVICES	
9	Ndabeni M.	MMC: REDP	
10	Sabisa T.N.	MMC: HUMAN SETTLEMENT	
11	Mtuku N.B.	MMC: SPECIAL PROGRAMMES & SOCIAL SERVICES	
12	Ngozi W.	MMC: TECHNICAL SERVICES	
13	Dambuza M.B.	CHAIR OF CHAIRS	
14	Jacob U.	CHAIRPERSON: ETHICS & MEMBERS INTEREST	
15	Dywili N.	CHAIRPERSON: MPAC	
16	Tokwana C.S.	CHAIRPERSON: PETITIONS AND PUBLIC PARTICIPATION	
17	Cwecwe N.	CHAIRPERSON: MULTIPARTY WOMEN'S CAUCUS	Cllr Ranai's replacement
18	Vanda N.L.	CHAIRPERSON: BTO PORTFOLIO COMMITTEE	
19	Ntshuba V.W	CHAIRPERSON: REDP PORTFOLIO COMMITTEE	
20	Ngxamile N.P.	CHAIRPERSON: WATER AND SANITATION SERVICES PORTFOLIO COMMITTEE	
21	Vava K.	CHAIRPERSON: IGR, PLANNING, RESEARCH AND POLICY DEVELOPMENT PORTFOLIO COMMITTEE	
22	Zondani V.B.	CHAIRPERSON: CORPORATE SERVICES PORTFOLIO COMMITTEE	

No	Surname & Initial	Designation	Other
23	Ncapayi V.	CHAIRPERSON: HUMAN SETTLEMENT	
24	Matanda N.P.	CHAIRPERSON: SPECIAL PROGRAMS AND SOCIAL SERVICES	
25	Tshikitshwa T.	CHAIRPERSON: TECHNICAL SERVICES PORTFOLIO COMMITTEE	
26	Badli T.	CLLR	
27	Bodoza B.	CLLR	
28	Bunzana M.	CLLR	
29	Dlani X.H.	CLLR	
30	Dudumayo B.R.	CLLR	
31	Fukula M.A.	CLLR	
32	Gabada P.V.	CLLR	
33	Gcilitshana L.	CLLR	
34	Jam – Jam M.A.	CLLR	
35	Knock R.	CLLR	
36	Libazi M.	CLLR	
37	Mabhedumana B.	CLLR	
38	Makaba M.	CLLR	
39	Mapolisa Z.	CLLR	
40	Maseko M.	CLLR	
41	Matubatuba N.	CLLR	
42	Mbunjana N.	CLLR	Cllr Zozi'z replacement
43	Mgquba A.	CLLR	
44	Mhlaba S.	CLLR	
45	Molakalaka L.C.	CLLR	
46	Ncolosi S.N.	CLLR	
47	Ndzumo T.	CLLR	
48	Ngxekana M.	CLLR	
49	Njisane S.	CLLR	
50	Njovane S.	CLLR	
51	Nondaka Z.	CLLR	
52	Nonkonyana N.	CLLR	
53	Ntsodo Z.E.	CLLR	
54	Sekese A.	CLLR	
55	Sidlova	CLLR	
56	Socikwa Y.	CLLR	Cllr Gqomo's replacement
57	Somzana N.	CLLR	
58	Tshoto G.	CLLR	
59	Vacant		Cllr Madolo's resignation not yet filled in
60	Chief Mtirara M.	TRADITIONAL LEADER	

No	Surname & Initial	Designation	Other
61	Chief Ndamase M.	TRADITIONAL LEADER	
62	Chief Gwadiso A.P.	TRADITIONAL LEADER	

APPENDICE B – COMMITTEE AND COMMITTEE PURPOSES

COUNCIL

SPEAKER

CHAIR OF CHAIRS

S79 STANDING

S79 PORTFOLIO

CHAIRPERSONS

WATER & SANITATION

RULES

TECHNICAL SERVICES

PROGRAMMING

HUMAN SETTLEMENT

MPAC

COMMUNITY SERVICES

PETITIONS & PUBLIC PARTICIPATION

CORPORATE SERVICES

MULTIPARTY WOMEN'S CAUCUS

BUDGET & TREASURY OFFICE

OVERSIGHT COMMITTEE FOR THE MAYOR'S OFFICE & LEGISLATIVE SERVICES (OCMOL)

RURAL ECOCOMIC DEVELOPMENT & PLANNING (REDP)

IGR, PLANNING, RESEARCH & POLICY DEVELOPMENT

ETHICS

SPECIAL PROGRAMS & SOCIAL SERVICES

AUDIT COMMITTEE

CHIEF WHIP

WHIPS

ANC

EFF

UDM

ATM

DA

INDEPENDENT

AIC

TRADITIONAL LEADERS

SECTION 79 STANDING COMMITTEE	CHAIRPERSON	SECTION 79 OVERSIGHT PORTFOLIO COMMITTEES	CHAIRPERSON
1. Rules Committee	Cllr N.Y. Capa	1. Special Programmes and Social Services	Cllr. N. Matanda
2. Programming Committee		2. IGR, Planning, Research and Policy Development	Cllr. K. Vava
3. Chairperson's Committee	Cllr. M.B. Dambuza	3. Human Settlements	Cllr. N. Ncapayi
4. Municipal Public Accounts Committee (MPAC)	Cllr. N. Dywili	4. Community Services	Vacant
5. Ethics and Members Interest Committee	Cllr. U. Jacob	5. Corporate Services	Cllr. Zondani
6. Multiparty Women's Caucus	Cllr. N. Cwecwe	6. Water and Sanitation Services	Cllr. N.P. Ngxamile
7. Petitions and Public Participation Committee	Cllr. C.S. Tokwana	7. Budget and Treasury Office	Cllr. N. L. Vanda
8. Oversight Committee for Mayor's Office and Legislature(OCMOL)	Vacant	8. Rural and Economic Development & Planning	Cllr. V.W. Ntshuba
		9. Technical Services	Cllr. T. Tshikitshwa

SCOPE OF THE TERMS OF REFERENCE (PURPOSE) FOR S79 STANDING COMMITTEES

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
1. Rules Committee	<p>1. To promote the realisation of the vision, strategic objectives and priorities of O.R. Tambo District Municipality.</p> <p>2. To assist the Council in developing and administering Standing Rules for Council meetings for its efficient functioning of the committees of Council.</p> <p>3. To develop, advise and monitor the implementation of Council's policy with regard to Civic Functions and presentations.</p> <p>3. To diligently perform its power and functions in terms of these terms of references.</p> <p>4. To promote adherence to appropriate dress code for all council and committee meetings.</p>

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
2. Programming Committee	1. To oversee and regulate the programming of Council's agenda and proceedings. 2. To recommend a Programme of debates. 3. To diligently perform its power and functions in terms of these terms of references.
3. Chairperson's Committee	1. To oversee and regulate the functioning of the Section 79 Standing Committees and Portfolio Committees activities\ programmes, and reporting. 2. To strengthen the oversight role and accountability played by council committees. 3. To diligently perform its power and functions in terms of these terms of references.
4. Municipal Public Accounts Committee (MPAC)	<p>3.1 ROLE OF THE MPAC</p> <p>The Committee is accountable to Council and is operating as an overseer and makes recommendations to the Council for its consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of the Accounting Officer, Heads of Departments, officials and other members of senior management. The role of the Committee is to assist the Council to ensure that:</p> <p>3.1.1 The municipality fulfils its constitutional mandate of service delivery to the community and achieves the set objectives; 3.1.2 The municipality is managed in an efficient, effective and ethical, corruption and fraud free manner; and 3.1.3 The municipal resources are utilised in an economic manner.</p> <p>3.2 AUTHORITY OF THE MPAC</p> <p>The MPAC Committee has the authority as per the SALGA recommendations:</p> <p>3.2.1 To call the Executive and/or any Councillor to report on any matter reported in terms of finances to ensure that every cent is accounted for. 3.2.2 To oversee all programmes of the municipality and to investigate value for money on projects – overseeing the planning and implementation of projects against expenditure. 3.2.3 To request, access information and monitor such based on suspicion of imprudent financial management.</p>

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	<p>3.2.4 to instruct the Executive and any other committee members, management and other employees to be present at a given meeting to hear and answer for themselves and for possible interview and input regarding items of the agenda.</p> <p>3.2.5 To direct any matter for investigation through the relevant investigation Departments, Office of the Auditor General and law enforcement agencies within its terms of reference.</p> <p>3.2.6 To have unrestricted access through the Office of the Accounting Officer to employees of Council, information relating to all personnel, books of account, records, assets and liabilities of the Council and to any other sources of relevant information that may be required from the Council for the purpose of carrying out its duties and responsibilities.</p> <p>3.2.7 To seek any information (and have access) it requires from any MMC/Councillor. All MMCs and Councillors are directed to co-operate with any request made by the Committee.</p> <p>3.2.8 MPAC shall have direct access to internal and external auditors and may direct investigations in any matter when necessary.</p> <p>3.2.9 The Committee should have permanent referral as they become available, of –</p> <ul style="list-style-type: none"> (a) all accounts and financial statements of the municipality; (b) all reports of the Auditor-General; (c) all reports of the Audit Committee; (d) Information on compliance (see section 128 and 133 of the MFMA); (e) Information in respect of any disciplinary actions taken in terms of the Municipal Finance Management Act (MFMA); (f) Information in respect of transgressions in terms of the MFMA. <p>3.2.10 The Committee also has the right to summon any person to give evidence before it, or to require any person or institution to report to it. In the interest of accountability, the Committee may call individuals who were responsible at the time of the events, even though they may since have resigned from the municipality.</p> <p>3.2.11 Receive technical support from the Internal Audit office.</p>

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	<p>3.2.12 The committee must hold public hearings and instruct other committee members, management and other employees to be present at a given meeting to hear and answer for themselves and for possible interview and input regarding items of the agenda.</p> <p>3.2.13. The committee must monitor the extent to which its recommendations and those of the AG are carried out.</p> <p>3.2.14 The committee must invite and receive submissions from the public.</p> <p>3.2.15 The committee must undertake fieldwork (i.e. oversight visits within the municipality) to get first-hand information on any municipal matters.</p> <p>3.2.16 The committee must consider recommendations and reports from the Audit Committee.</p> <p>3.2.17 MPAC may consider any financial reports or financial statements jointly with the Audit Committee.</p> <p>3.2.18 MPAC must consider the oversight reports of the portfolio committees with regard to quarterly performance, budget expenditure and focused intervention study.</p> <p>3.2.19 The committee must ensure that the municipality complies with the provisions of the King IV Report.</p> <p>3.2.20 MPAC requires the executive to attend its meetings where required, and will not be able to engage the municipal manager (accounting officer) and senior management in the absence of the executive or political office bearers, as this will encroach on the role of the executive who has the responsibility for oversight over the administration of the municipality.</p> <p>The MPAC is not authorised to:</p> <ul style="list-style-type: none"> (a) Discuss matters that are still under investigation or <i>sub-judice</i>, but can in-committee receive progress reports on matters under investigation. (b) Report to Council on allegations not investigated. (c) Call any person outside Council (e.g. contractor, service provider, etc.) to account for the monies of the municipality and municipal entities where such outside person is implicated in the forensic investigation report.
5. Ethics	and (1) To promote adherence to the Code of Conduct for councillors.

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
Members Interest Committee	<p>(2) To develop, advise and monitor the implementation of Council's policy with regard to councilor's welfare and benefits.</p> <p>(3) To diligently perform its power and functions in terms of these terms of references.</p> <p>(4) To promote adherence to council standing orders.</p> <p>(5) To promote adherence to appropriate dress code for all council and committee meetings.</p>
6. Multiparty Women's Caucus	<p>1. To act as an advisory, influencing and consultative body by representing the interests and concerns of women members in Council and making submissions to the Council.</p> <p>2. To engage on empowerment issues with women in political structures outside Council.</p>
7. Petitions and Public Participation Committee	<p>1.to encourage active involvement of communities and community organisations in the affairs of the municipality;</p> <p>2.to increase the effectiveness of Public Participation in the affairs of the municipality;</p> <p>3.to ensure the consideration, monitoring and tracking of petitions lodged to the municipality;</p> <p>4.to ensure that timeous feedback is given to Petitioners;</p> <p>5.to ensure adherence to Community Complaints and Petitions Handling Policy; Public Participation Policy; and Public Participation Strategy;</p>
8. OCMOL	<p>The Committee's work is based on four important goals, namely:</p> <ul style="list-style-type: none"> ➤ Ensure that the Office of the Executive Mayor (OEM) and Legislature are governed with effective oversight, transparent and accountable governance; ➤ To roll out effective community participation mechanisms to ensure involvement of O.R. Tambo District Municipality residents in the business of the Municipality with specific emphasis on the OEM and oversee whether the Legislature effectively and efficiently discharges its key obligation of Public Participation; ➤ To entrench multi-party democracy in the business of Council; ➤ To ensure that the two offices adhere to relevant legal frameworks or provisions for optimal service delivery <p>COMMITTEE STRATEGIC OBJECTIVES</p>

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	<p>The OCMOL Standing Committee recognized that the Strategic Objectives needed to speak to the following key areas:</p> <ul style="list-style-type: none"> • Promote Good Governance • Improve Transparency • Ensure Accountability • Enhance Efficiency and Effectiveness <p>The work of the Committee is also driven by three main Strategic Objectives (SO) along with accompanying imperatives. The strategic objectives are as follows:</p> <p>(a) To conduct oversight and scrutiny of the Executive and Administration to assist in the attainment of the municipality's strategic agenda.</p> <ul style="list-style-type: none"> ➤ The imperatives entail the scrutiny of the IDP and Strategic Plans, SDBIP Quarterly reports, Budget, Annual Report as well as conducting Focused Intervention Studies / Oversight Visits. <ul style="list-style-type: none"> ➤ Scrutiny Process: research analysis of SDBIP, deliberating on the Departments' presentation through Oversight Committee questions to the Department and compiling a Committee report to Council. <p>(b) Involve the public in overseeing the work of the OEM and Legislature, by securing public input as a means to verify performance and on the IDP / budget and Annual Report.</p> <ul style="list-style-type: none"> ➤ The imperatives entail inviting relevant stakeholders (NGO's, individuals) to Committee meetings. <ul style="list-style-type: none"> ➤ Process: inviting communities to contribute to Committee's IDP/ Budget and Annual Report deliberations, involving targeted stakeholders e.g. NGOs, Chapter 9 & 10 institutions by identifying relevant issues for Chapter 9 & 10 institutions' participation and considering community inputs in compilation of Committee reports to Council. <p>(c) Committee oversees whether the Legislature effectively and efficiently discharges its key obligation of Public Participation (Overseeing the Overseer).</p> <ul style="list-style-type: none"> ➤ The imperative entails securing presentations and reports by Secretary on the institution's public participation activities

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	<ul style="list-style-type: none"> ➤ Process: Scrutiny and analysis of reports, engaging the Public on the finding of the contents of the reports, creating a Committee report to Council <p>(d) Enhance the capacity of the Committee to be able to execute its roles and responsibilities efficiently and effectively.</p> <ul style="list-style-type: none"> ➤ The imperative entails initiating research projects on review of policies and bylaws. <ul style="list-style-type: none"> ➤ Process: identifying by-laws to be reviewed; conducting socio-economic impact and legal study on the bylaw or policy; engagement with Departments on identified by-laws; compiling a Committee report.

SCOPE OF THE TERMS OF REFERENCE (PURPOSE) FOR S79 PORTFOLIO COMMITTEES

SECTION 79 PORTFOLIO COMMITTEES NAME	PURPOSE
1. Water and Sanitation Services 2. Technical Services Portfolio Committee 3. Human Settlement and Disaster Management Portfolio Committee 4. Corporate Services 5. Community Services 6. Budget & Treasury Office (BTO) and Internal Audit 7. Planning, Research and Intergovernmental Relations 8. Special Programs and Social Services Portfolio Committee 9. REDP	<p>(1) The Committee maintains oversight on the Member of the Mayoral Committee (MMC), and the department in fulfilling their responsibilities, including the implementation of policies, By-laws, regulations and other applicable legislation.</p> <p>(2) To fulfil its oversight responsibility, the Committee must scrutinize and oversee the extent to which the department is fulfilling its Constitutional obligations in respect of –</p> <ul style="list-style-type: none"> (i) the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5, and any other matter assigned to it by national or provincial legislation; and (ii) the promotion and fulfilment of all the rights enshrined in Chapter 2 - the Bill of Rights, sub-sections 7 – 39; <p>(3) To scrutinize the reports of the department, for submission to Council pursuant to the requirements of, but not limited to, the Structures, Systems and Finance Acts</p>

SECTION 79 PORTFOLIO COMMITTEES NAME	PURPOSE
	<p>respectively and to report to Council with recommendations;</p> <p>(4) To scrutinize the reports of institutions established by Chapter 9 of the Constitution, in particular, the reports of the Auditor-General to the extent that reflections on the department are made by the Auditor-General.</p> <p>(5) To establish mechanisms that will enable the Committee to undertake Focused Intervention studies and Oversight visits;</p> <p>(6) To facilitate the participation of the public in the oversight processes of the Committee; and</p> <p>(7) To ensure the scrutiny and review of the efficacy of policies and By-laws made, as a means of ensuring accountable and responsive local government.</p>

COUNCIL & COMMITTEE MEETINGS ATTENDANCE

COUNCIL MEETINGS ATTENDANCE

No	Surname & Initial	Designation	% Attendance for 13 Council Meet
1	Capa N.Y.	SPEAKER	85
2	Ngqondwana M.D.	EXECUTIVE MAYOR	69
3	Ngqongwa N.	CHIEF WHIP	85
4	Sokanyile T.	DEPUTY EXECUTIVE MAYOR	69
5	Ngudle M.P.	MMC: INFRASTRUCTURE: WATER AND SANITATION SERVICES	54
6	Giyose M.R.	MMC: BTO	92
7	Mdledle N.U.	MMC: CORPORATE SERVICES	100
8	Gcingca N.	MMC: COMMUNITY SERVICES	92
9	Ndabeni M.	MMC: REDP	85
10	Sabisa T.N.	MMC: HUMAN SETTLEMENT	69
11	Mtuku N.B.	MMC: SPECIAL PROGRAMMES & SOCIAL SERVICES	92
12	Ngozi W.	MMC: TECHNICAL SERVICES	23
13	Dambuza M.B.	CHAIR OF CHAIRS	77

No	Surname & Initial	Designation	% Attendance for 13 Council Meet
14	Jacob U.	CHAIRPERSON : ETHICS & MEMBERS INTEREST	100
15	Dywili N.	CHAIRPERSON: MPAC	85
16	Tokwana C.S.	CHAIRPERSON : PETITIONS AND PUBLIC PARTICIPATION	85
17	Cwecwe N.	CHAIRPERSON: MULTIPARTY WOMEN'S CAUCUS	100
18	Vanda N.L.	CHAIRPERSON: BTO PORTFOLIO COMMITTEE	85
19	Ntshuba V.W	CHAIRPERSON: REDP PORTFOLIO COMMITTEE	85
20	Ngxamile N.P.	CHAIRPERSON: WATER AND SANITATION SERVICES PORTFOLIO COMMITTEE	92
21	Vava K.	CHAIRPERSON: IGR, PLANNING, RESEARCH AND POLICY DEVELOPMENT PORTFOLIO COMMITTEE	77
22	Zondani V.B.	CHAIRPERSON: CORPORATE SERVICES PORTFOLIO COMMITTEE	100
23	Ncapayi V.	CHAIRPERSON: HUMAN SETTLEMENT	62
24	Matanda N.P.	CHAIRPERSON: SPECIAL PROGRAMS AND SOCIAL SERVICES	77
25	Tshikitshwa T.	CHAIRPERSON: TECHNICAL SERVICES PORTFOLIO COMMITTEE	100
26	Badli T.	CLLR	92
27	Bodoza B.	CLLR	85
28	Bunzana M.	CLLR	69
29	Dlani X.H.	CLLR	77
30	Dudumayo B.R.	CLLR	77
31	Fukula M.A.	CLLR	85

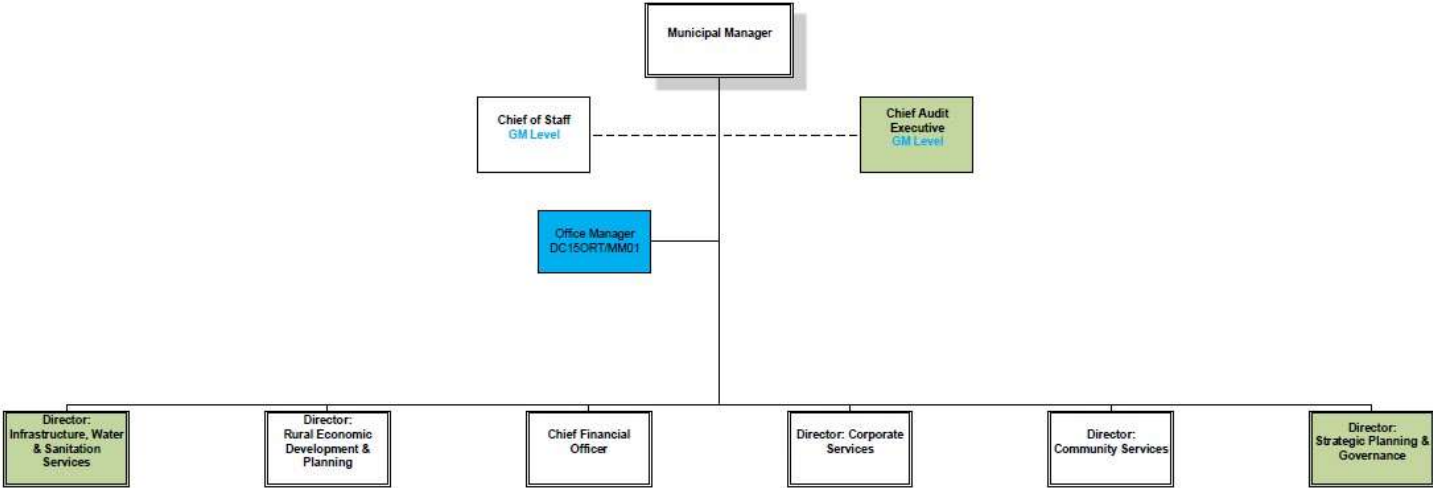
No	Surname & Initial	Designation	% Attendance for 13 Council Meet
32	Gabada P.V.	CLLR	85
33	Gcilitshana L.	CLLR	100
34	Jam – Jam M.A.	CLLR	85
35	Knock R.	CLLR	92
36	Libazi M.	CLLR	77
37	Mabhedumana B.	CLLR	69
38	Makaba M.	CLLR	77
39	Mapolisa Z.	CLLR	54
40	Maseko M.	CLLR	54
41	Matubatuba N.	CLLR	77
42	Mbunjana N.	CLLR	100
43	Mgquba A.	CLLR	92
44	Mhlaba S.	CLLR	92
45	Molakalaka L.C.	CLLR	92
46	Ncolosi S.N.	CLLR	92
47	Ndzumo T.	CLLR	92
48	Ngxekana M.	CLLR	85
49	Njisane S.	CLLR	100
50	Njovane S.	CLLR	92
51	Nondaka Z.	CLLR	38
52	Nonkonyana N.	CLLR	92

No	Surname & Initial	Designation	% Attendance for 13 Council Meet
53	Ntsodo Z.E.	CLLR	85
54	Sekese A.	CLLR	62
55	Sidlova	CLLR	69
56	Socikwa Y.	CLLR	54
57	Somzana N.	CLLR	85
58	Tshoto G.	CLLR	100
59	VACANT		
60	Ndamase N.N.	TRADITIONAL LEADER	69
61	Dalasile V.	TRADITIONAL LEADER	54
62	Mtirara B.P.	TRADITIONAL LEADER	62

APPENDIX C- THIRD TIER ADMINISTRATIVE STRUCTURE



O.R. TAMBO DISTRICT MUNICIPALITY
APPROVED MACRO STRUCTURE





O.R. TAMBO
DISTRICT MUNICIPALITY

New Proposed Position

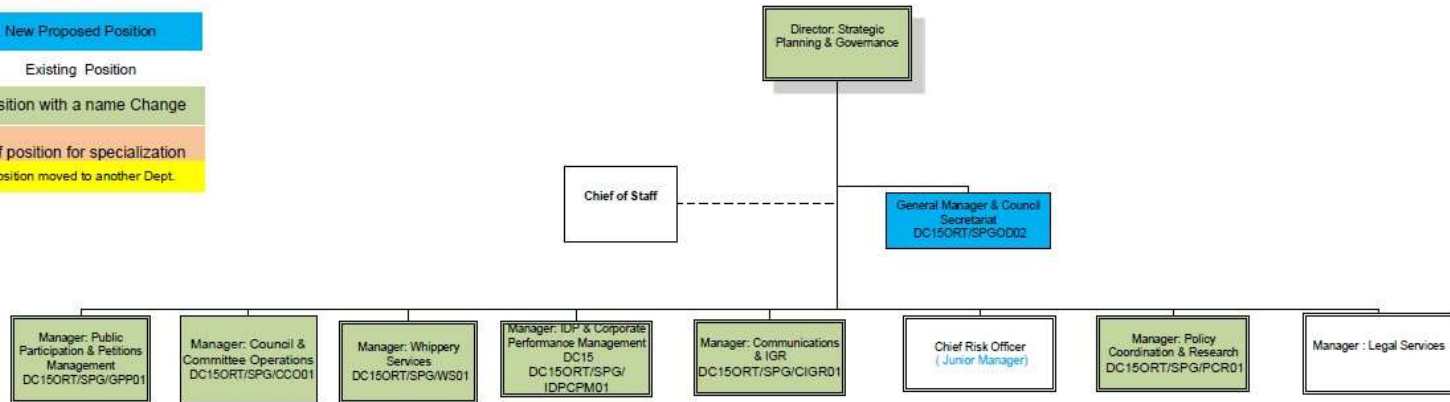
Existing Position

Position with a name Change

Split of position for specialization

Position moved to another Dept.

DIRECTORATE: STRATEGIC PLANING & GOVERNANCE





O.R. TAMBO
DISTRICT MUNICIPALITY

New Proposed Position

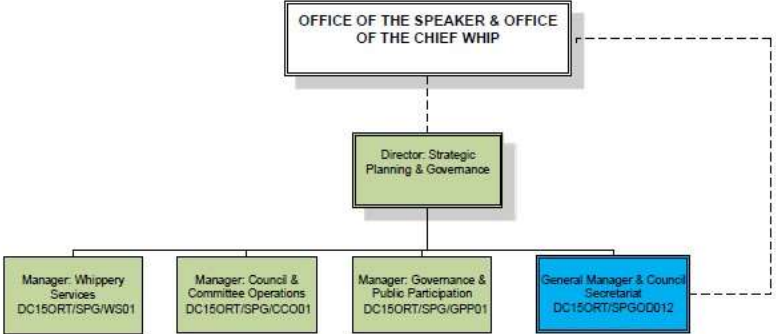
Existing Position

Position with a name Change

Split of position for specialization

Position moved to another Dept.

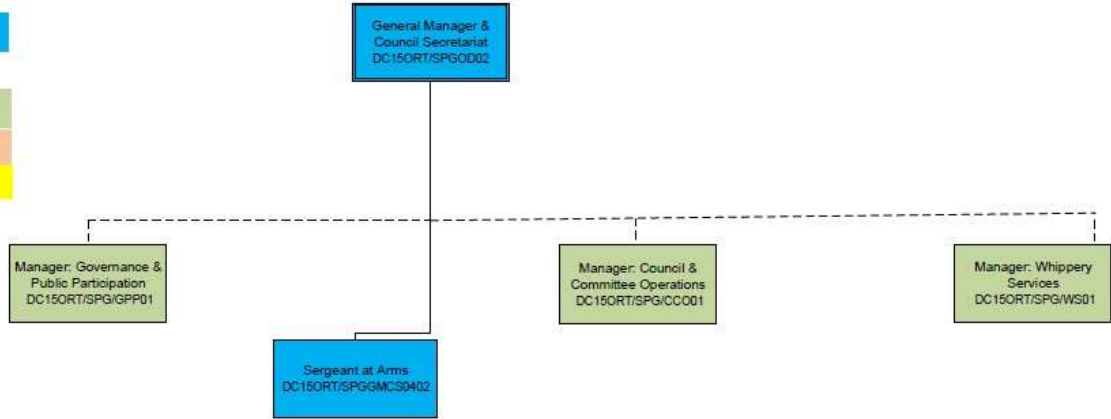
DIRECTORATE: STRATEGIC PLANING & GOVERNANCE





OFFICE OF THE SPEAKER & CHIEF WHIP SUPPORT

- New Proposed Position
- Existing Position
- Position with a name Change
- Spit of position for specialization
- Position moved to another Dept.





O.R. TAMBO
DISTRICT MUNICIPALITY

New Proposed Position =

Existing Position

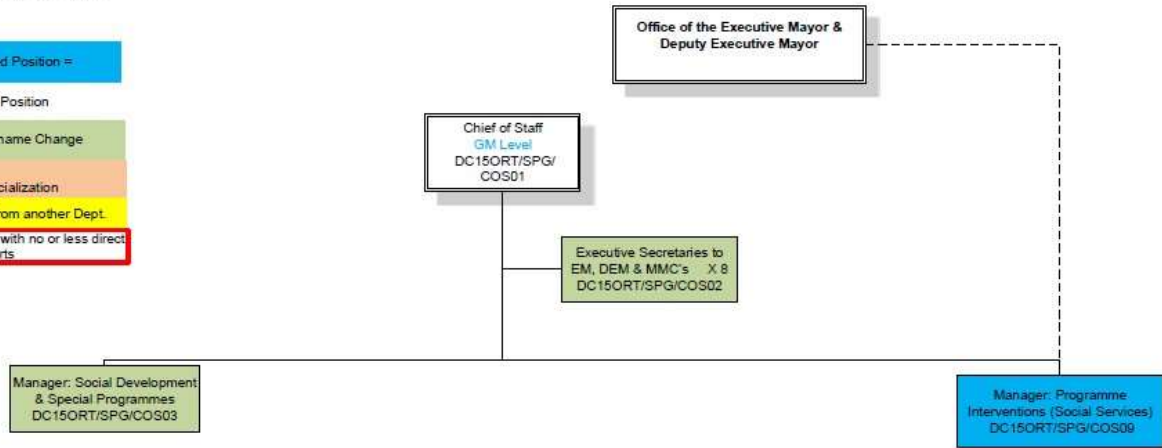
Position with a name Change

Split of position for specialization

Position moved to/from another Dept.

Boarderline-Managers with no or less direct reports

EXECUTIVE SUPPORT

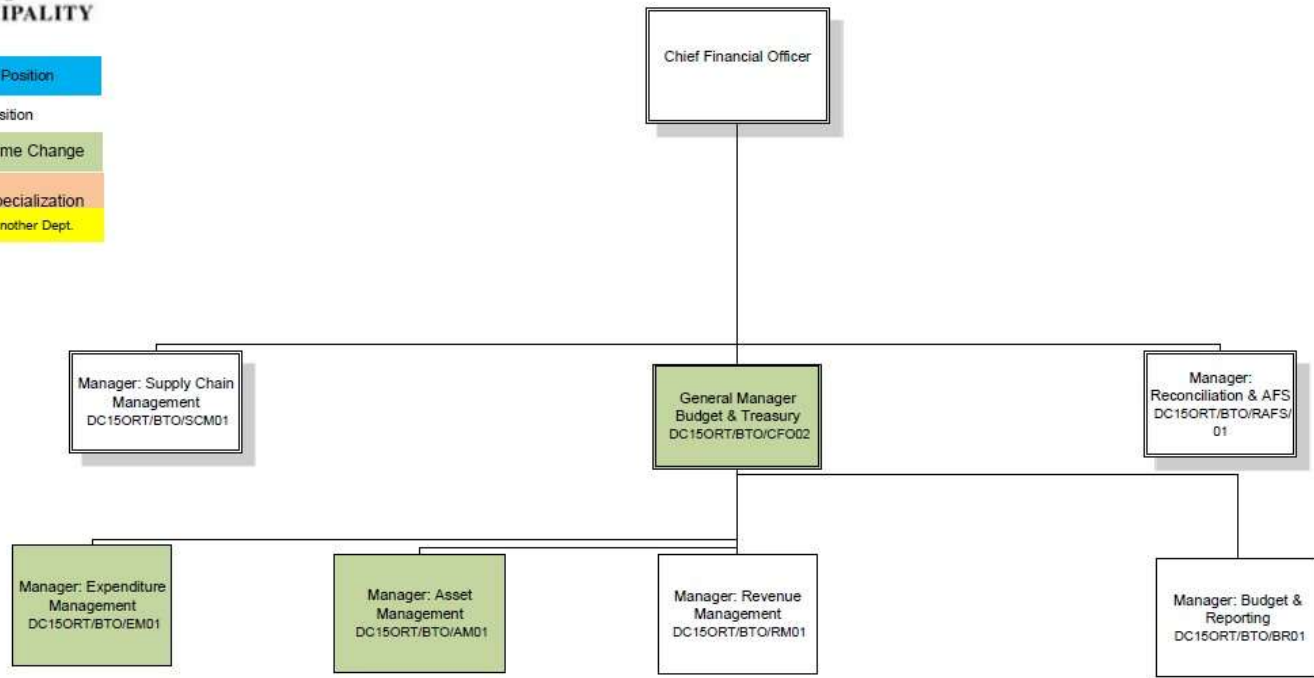




O.R. TAMBO
DISTRICT MUNICIPALITY

- New Proposed Position
- Existing Position
- Position with a name Change
- Spit of position for specialization
- Position moved to another Dept.

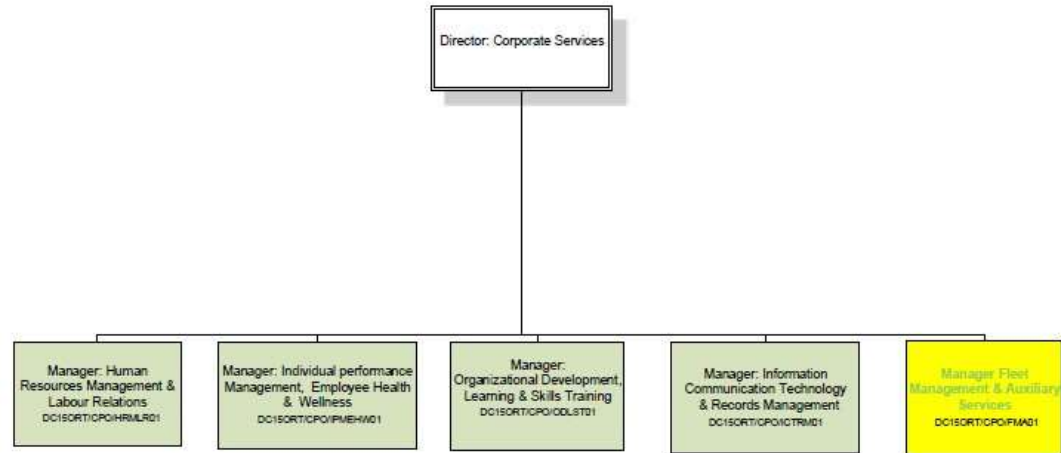
DIRECTORATE: BUDGET & TEASURY OFFICE





DIRECTORATE: CORPORATE SERVICES

- New Proposed Position
- Existing Position
- Position with a name Change
- Split of position for specialization
- Position moved to/from another Dept.

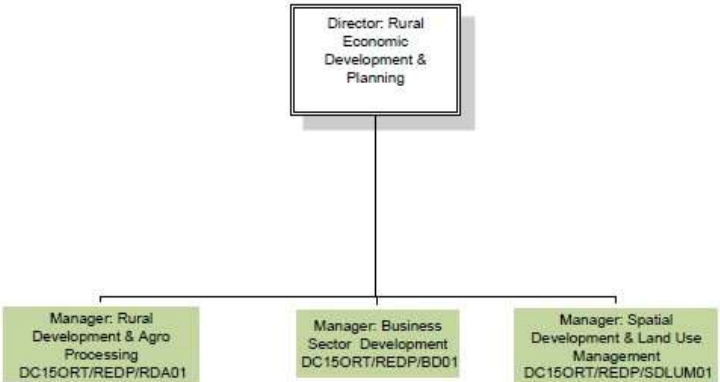




O.R. TAMBO
DISTRICT MUNICIPALITY

- New Proposed Position
- Existing Position
- Position with a name Change
- Split of position for specialization
- Position moved to/from another Dept.

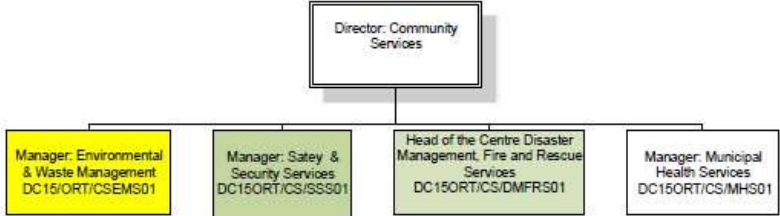
DIRECTORATE: ECONOMIC PLANNING & DEVELOPMENT





DIRECTORATE: COMMUNITY SERVICES

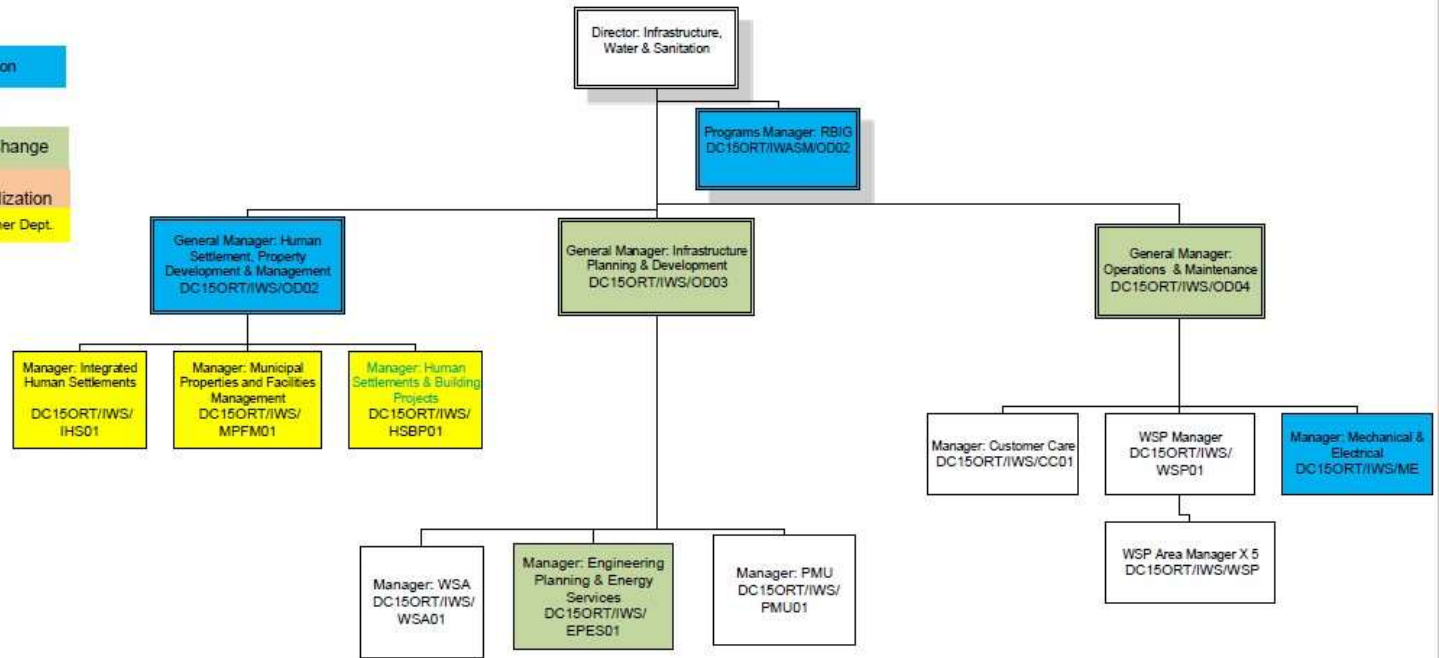
- New Proposed Position
- Existing Position
- Position with a name Change
- Split of position for specialization
- Position moved from/ to another Dept.





DIRECTORATE: INFRASTRUCTURE, WATER & SANITATION

- New Proposed Position
- Existing Position
- Position with a name Change
- Split of position for specialization
- Position moved to/from another Dept.



APPENDIX D – FUNCTIONS OF MUNICIPALITY/ ENTITY

	O.R. Tambo
Water	Yes
Sanitation	Yes
Municipal Health	Yes
Electricity Reticulation	No
Air pollution	-
Building regulation	-
Child care facilities	-
Fire fighting	Yes
Local Tourism	Yes
Municipal Airports	Yes
Municipal Planning	Yes
Public Transport	Yes
Pontoons and ferries	-
Disaster Management	Yes
Storm water	-
Trading regulation	-
Beaches and amusement facilities	-
Billboards and advertisements	-
Cemeteries, parlours and crematoria	-
Cleansing	-
Traffic packing	-
Street lighting	-
Street trading	-
Refuse removal dumps and solid waste disposal	-
Public places	-

APPENDIX E & F WARD REPORTING & INFORMATION

REPORT ON FUNCTIONALITY OF WARD COMMITTEES WITHIN THE DISTRICT

PSJ MUNICIPALITY

JULY TO SEPTEMBER 2023

No. of Wards	No. of wards with Ward Schedules	No. of Ward Committee Meetings Organized	% Attendance by Ward Committees	% Attendance by CDWs	Door-to-Door Campaigns Conducted	Community Meetings Organized	Monthly Reports submitted to the office of the Speaker	No. of wards with Updated Ward Profile
20	20	JULY					20	20
		19 of 20	172 of 190 = 90%	19 of 20	NIL of 191	17 of 191		
		19 of 20	178 of 190 = 88%	16 of 20	NIL of 191	19 of 191	Yes	
		20 of 20	190 of 200 = 95%	11 of 20	NIL of 191	22 of 191	Yes	
20	20	20	184 of 200 = 92%	16 of 20	N/A	29 of 191	19	20
20	20	20	179 of 200 = 90%	17 of 20	N/A	23 of 191	19	20
20	20	20	162 of 200 = 81%	15 of 20	N/A	26 of 191	19	20

Though there are positive records regarding the functionality of ward committees, there are still significant concerns with regards to their effectiveness. There is lack of ward committee involvement and participation in community affairs (e.g. community meetings). Furthermore, there is no central coordination of ward committees at the administrative level, coupled with skills gap in terms of collecting, recording, filing and reporting community issues.

NYANDENI LOCAL MUNICIPALITY

July-September

No. of Wards	No. of wards with Ward Schedules	No. of Ward Committee Meetings Organized	% Attendance by Ward Committee Members	% Attendance by CDWs	Door-to-Door Campaigns Conducted	Issues raised to Council	Community Meetings Organized	No. of wards submitted Monthly Reports to the Office of the Speaker	No. of wards with Updated Ward Profile
32	32	32	316 of 320= 98%	26 of 29 =89%	Nil	Nil	26 of 293	32	32
		32	314 of 320 = 98%	24 of 29 = 83%	Nil	Nil	42 of 293	32	
		32	312 of 320 = 97%	27 of 29 = 93%	Nil	Nil	20 of 293	32	
Oct-December									
32	32	32	309 of 320= 93%	27 of 29 =93%	Nil	Nil		35 of 293	32
		32	317 of 320 = 98%	23 of 29 = 79%	Nil	Nil	27 of 293	32	
		32	318 of 320 = 99%	26 of 29 = 89%	Nil	Nil	14 of 293	32	

The attendance of CDW's has improved though there are vacancies in wards 14, 32 and 08.

MHLONTLO L.M

July-September

No. of Wards	No. of wards with Ward Schedules	No. of Ward Committee Meetings Organized	% Attendance by Ward Committee Members	% Attendance by CDWs	Door-to-Door Campaigns Conducted	Community Meetings Organized	No. of wards submitted Monthly Reports to the Office of the Speaker	No. of wards with Updated Ward Profile
26	26	17\26	150 of 260=58 %	15 of 23= 62%	None	102\260	18\26	26
		14\26	118 of 260=45 %	06 of 23 = 26%	None	00\260	15\26	
October –December								
		14\26	112 of 260= 43%	08of 23 = 31%	None	93\260	20\26	
26	26	08\26	70 of 260 = 27%	17of 23 =73 %	None	08\260	08\26	26
		08\26	48 of 260 = 18%	16of 23= 69%	None	131\260	08\26	
		02\26	17 of 260 = 6%	16 of 23 = 69%	None	112\260	06\26	

Significant gaps exist in the functioning of Committees in Mhlontlo LM, Ward Operational plans were submitted by many Ward Committees, with few still outstanding and ward community meetings were held by all wards. There is still lack of attendance by CDWs to community meetings, filling of CDWs vacancies needs to be fast tracked and ward committees do not submit reports during ward committee meetings.

INGQUZA HILL LOCAL MUNICIPALITY

July-Sept

No. Of Wards	Monthly Ward Committee Meetings and sitting	Ward Community Meetings convened Quarterly	No of Ward Committee sitting Schedules adopted by Council	Ward plans and reports with Community service delivery priorities tabled in Council	Consideration of Sectoral participation in the Ward	Functional Community Development Workers Programme	Relation with Traditional Leadership	Household visits Campaigns Conducted in the ward	Government Publications distributed by Ward Committees	Participation and contribution of Ward Committee members in IDP development processes	Community involvement on IDP development Processes	Updated Ward Profile and operational plans
						Ex-officio status of CDW at ward committee meetings in the ward	Ex-Officio status in the Ward Committee sitting					
37												
Ward 01	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
						No	No					
Rating	4	4	4	4	4	1	4	4	4	3	3	4
						1	1					
Ward 02	Yes	Yes	Yes	Yes	Yes	No	None	Yes	Yes	Yes	Yes	Yes
						No	None					
Rating	4	4	4	4	4	1	0	4	4	4	4	4
						1	0					
Ward 03	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	4	4	4	4	4	1	4	4	4	4	4
						4	1					
Ward 04	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
						No	No					
Rating	4	4	4	4	4	1	4	3	4	4	3	4
						1	1					
Ward 05	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No
						No	No					

Rating	4	3	4	3	3	1	1	2	3	3	3	1
						1	1					
Ward 06	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes
						Yes	No					
Rating	4	4	4	3	1	3	1	2	2	1	1	4
						4	1					
Ward 07	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
						Yes	No					
Rating	4	4	4	4	4			2	4	4	4	0
Ward 08	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	4	4	4	4	4	1	4	4	4	4	4
						4	1					
Ward 09	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No
						Yes	No					
Rating	4	4	4	4	3	1	1	4	4	4	2	1
						4	1					
Ward 10	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes					
Rating	4	4	4	4	4	4	4	4	4	4	4	4
						4	4					
Ward 11	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	4	4	4	4	4	1	3	4	4	4	4
						4	1					
Ward12	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No
						No	No					
Rating	4	3	4	4	4	1	4	4	4	4	4	1
						1	1					
Ward 13	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	4	4	4	4	3	3	4	3	4	4	
						3	1					
Ward 14	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	4	4	3	3	4	4	4	4	4	4	4
						4	1					
Ward 15	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No
						Yes	Yes					
Rating	4	4	4	4	2	2	3	3	3	3	4	2
						3	4					

Ward 16	Yes	Yes	Yes	Yes	yes	No	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	3	3	3	3	1	3	1	3	3	3	3
						3	1					
Ward 17	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	2	4	3	2	2	1	2	4	4	4	4
						4	4					
Ward18	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes					
Rating	4	4	4	3	3	4	1	3	4	4	3	4
						2	1					
Ward 19	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
						No	Yes					
Rating	4	4	4	4	4	0	4	3	4	4	4	4
						0	4					
Ward 20	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	3	4	4	2	4	3	4	4	4	4	4
						4	1					
Ward 21	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	4	4	4	3	4	4	3	3	4	4	4
						4	2					
Ward 22	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	No
						Yes	No					
Rating	4	4	4	4	1	3	4	2	1	3	3	2
						4	4					
Ward 23	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes					
Rating	4	4	4	4	4	4	4	4	4	4	4	4
						4	4					
Ward 24	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
						Yes	Yes					
Rating	2	2	4	2	4	2	3	2	2	2	3	0
						2	3					
Ward 25	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
						No	Yes					
Rating	3	3	4	2	2	1	3	3	3	3	2	3
						1	3					
Ward 26	Yes	Yes	Yes	Yes	Yes	Yes	Yes	4	1	4	4	4

						Yes	No						
Rating	4	4	4	3	4	4	3	4	4	4	4	4	4
						4	1						
Ward 27	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes						
Rating	4	4	4	4	4	4	4	4	4	4	4	4	4
Ward 28	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes						
Rating	4	4	4	4	4	4	4	4	4	4	4	4	4
Ward 29	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	No						
Rating	4	1	4	4	3	4	3	3	3	3	3	3	3
						4	1						
Ward 30	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes						
Rating	4	4	4	4	4	4	4	4	4	4	4	4	4
Ward 31	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
						Yes	No						
Rating	4	4	4	4	1	4							
						4							
Ward 32	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes						
Rating	4	4	4	4	4	1	4	3	4	4	4	4	4
						2	4						
Ward 33	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes						
Rating	4	4	4	4	4	4	3	4	4	4	4	4	4
Ward 34	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	No						
Rating	4	4	4	4	4	4	4	3	4	4	4	4	4
						4	1						
Ward 35	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes						
Rating	4	4	4	4	4	4	4	4	4	4	4	4	4
Ward 36	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	Yes						
Rating	4	4	4	4	4	4	4	4	4	4	4	4	4

Ward 37	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes
						Yes	No					
Rating	4	2	4	4	1	1	4	3	3	4	4	4
						4	1					
Status	Commendable Functionality of Ward Committees											
Ratings	4											

APPENDIX G – REPORT OF THE MUNICIPAL AUDIT COMMITTEE

OR TAMBO DISTRICT MUNICIPALITY

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2023

1. INTRODUCTION

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. The Committee performed its duties in terms of its Council approved Charter and the MFMA.

The Committee presents its report for the financial year ended 30 June 2023.

2. AUDIT COMMITTEE MEMBERSHIP AND ATTENDANCE

During the 2022/23 financial year the details of the Committee membership, qualifications and attendance are as follows:

Name	Qualifications	Number of meetings attended
Mr C. Sparg – Chairperson	B. Com, CTA, CA(SA), Cert.Dir.	6
Mr G. Labane	B. Com (Hons), Advanced Certificate in auditing, National Dip CMA, CTA, CA(SA)	6
Mr S. Ngqele	B. Juris, LLB, CPMD, Advocate.	5
Mr M. Msiwa	B. Sc (Civil Eng), MBL	5
Ms N. Ngxisho	National Dip CMA, Practical Project Management, Postgraduate Dip in Management, MBA	6

The term of the Audit Committee (AC) listed in the table above expired at the end of October 2023 and a new AC was appointed. The names of the new AC, that has been in place from 1 November 2023, during the period when the audit for the 2022/23 financial year was finalised, are listed below:

- i. Mr C. Sparg – Chairperson
- ii. Mr G. Labane
- iii. Ms T. Bacela
- iv. Ms W. Dukuza
- v. Mr M. Phesa

The Auditor-General has a standing invitation to attend AC meetings. The Municipal Manager, Chief Financial Officer, Chief Risk Officer, Director: Internal Audit and other key executive members are required to attend the meetings of the Committee.

3. AUDIT COMMITTEE RESPONSIBILITY

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

The role of the Committee is to advise Council and Management on matters relating to accounting, safeguarding of assets, financial reporting, internal controls, and governance. This includes performing 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 AC must fulfil. The adopted formal terms of reference of the Committee is reviewed annually and the Committee reports that it has regulated its affairs in compliance with these terms of reference and has discharged all 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:

4. EFFECTIVENESS OF INTERNAL CONTROL

In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the AC and management with assurance on the adequacy and effectiveness of internal controls. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors and External Auditors, it was noted that matters were reported indicating deficiencies in the system of internal control or deviations therefrom. The rate of implementation of action plans by management to correct internal control weaknesses identified by Internal and External Audit, as well as AC recommendations, was not at the level required. As a result, the internal control environment was inadequate during the year under review.

5. ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The activities of the AC included the following:

- Reviewed and discussed the unaudited and audited Annual Financial Statements (AFS) for the 2022/23 financial year.
- Obtained explanations for significant variances compared to the budget and / or previous financial year.
- Reviewed for changes in accounting policies and practices.

- Reviewed and discussed the unaudited and audited Annual Performance Report (APR) for the 2022/23 financial year.

Following the review of the unaudited AFS and APR, the Committee resolved that they be recommended for submission to the Auditor General South Africa for auditing. Due to the fact that internal controls and processes were not fully effective during the year under review, and that the documents were not completed with sufficient time to enable an adequate review by Internal Audit and the AC, management was advised that the documents may not be free from material misstatements.

6. INTERNAL AUDIT

In respect of Internal Audit, the activities of the Committee included the following:

- Reviewed the effectiveness and adequacy of the internal audit services and adequacy of its annual work plan.
- Considered whether the independence, objectives, organisation, staffing plans, financial budget, audit plans and standing of the internal audit function provide adequate support to enable the committee to meet its objectives.
- Reviewed the results of the work performed by the internal audit services in relation to financial reporting, corporate governance, risk areas, internal control and any reports / significant investigations and management response.
- Reviewed the coordination between the internal audit function and the external auditors.
- Monitored the implementation of actions to deal with control weaknesses identified in Internal Audit reports. It should be noted that there is room for improvement in the rate of implementing these findings, the Committee is committed to support / assist the municipality in this area.

The Committee is satisfied with the competency of the Internal Audit Function and commends Internal Audit for the efforts made towards completion of the Operational Risk-based Audit Plan for the year.

7. RISK MANAGEMENT AND OTHER MATTERS

Though some progress was made in the area of risk management, there are still significant improvements that are required in the area of risk management and ICT Governance / ICT infrastructure. It is encouraging to note that independent Chairpersons were in place for both the Risk Management Committee and ICT Steering Committee for most of the 2022/23 financial year. It should be noted that there is still need for improvement in respect of meetings, reporting and implementation of plans / mitigating actions in these areas.

The Committee is committed to support / assist the municipality in these and other areas where improvement is required.

8. EXTERNAL AUDIT

The AC 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 discuss the draft Management Report and Audit Report and to ensure that all matters relating to the audit were resolved. We concur with and accept the opinion of the AGSA on the financial statements of the Municipality for the year ended 30 June 2023.

The AC commends the municipality for the improvement in the audit outcome to an unqualified audit opinion for the first time. The Committee further encourages the municipality to strive for ongoing improvement through the strengthening of the internal control environment and the achievement of a 'clean audit' in the foreseeable future.

9. APPRECIATION

Sincere appreciation is extended to the Council, Members of the Audit Committee, the Municipal Manager, Management, Internal Audit, Treasury, CoGTA and the AGSA for their support and co-operation in enabling the Committee to execute and fulfil its responsibilities.



Mr C. Sparg CA(SA)
Audit Committee Chairperson
January 2024

APPENDIX H - LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

The municipality had no long-term contracts or Public Private Partnership contract during the current financial year.

APPENDIX I - SERVICE PROVIDER PERFORMANCE SCHEDULE

SCALE OF SATISFACTION

4 = Good or outstanding contractor (Meet all the standards)

3 = Satisfactory or acceptable (minor mistakes but no serious)

2 = poor (needs increased monitoring) (SP/Contractor informed verbally) - must keep record of that verbal warning to date. time etc.

1 = unsatisfactory (SP/Contractor informed in writing)

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
1	ORTDM SCMU 09-21/22	A. Nkele and Sons Inc	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory	N/A	N/A
2	ORTDM SCMU 16-21/22	Afrent (Pty) Ltd	Request For Fleet Management System for O.R. Tambo District Municipality	Budget & Treasury Office	Satisfactory	N/A	N/A
3	MIS 410 005 B	AML Trading Enterprise	Construction Of Nyandeni Ward 12 B Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A
4	MIS 418 774 A	Anzet Trading	Construction Of Port St Johns Ward 19 A Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A
5	MIS 418 503 B	Anzet Trading	Construction Of Mhlontlo Ward 10B Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A
6	ORTDM SCMU 13-22/23	As You IT Solutions	Appointment Of A SITA Accredited Service Provider To Supply And Deliver Laptops And Desktops	Corporate Services	N/A	N/A	No work has been allocated to the Service Provider
7	ORTDM SCMU 48-20/21	Ayanda Mbanga Communications	Appointment of a panel of service providers for the	Budget & Treasury Office	Satisfactory	N/A	N/A

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
			provision of advertising services/agencies (Print Media) for a period of three years				
8	MIS 439 677	Bamboo Rock 1031 (Pty) Ltd	Construction of Nyandeni Ward 27 Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	Contractor appointed towards the end of the financial year and works commenced during 2023/24 FY
9	MIS 418 385	Bhodlinyama Trading Enterprise	Construction Of King Sabata Dalindyebo Ward 35 Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A
10	ORTDM SCMU 13-21/22	BM Infrastructure Development	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
11	ORTDM SCMU 08-22/23	BM Infrastructure Development	Appointment Of A Panel Of Professional Mechanical And Electrical Engineering Services Consultants By O. R. Tambo District Municipality For A Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
12	ORTDM SCMU 17-22/23	Bontinite Construction (Pty) Ltd	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
13		Amatola	Construction of 6ML Arear Reservoir	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
14		Amatola	Construction of DN1200 Steel Highbury Rising Mains & Thornhill Gravity main	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
15		Amatola	Mthatha Sewer Repairs	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
16		Amatola	Construction of Thornhill Clear Water Pump Station: M&E	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
17		Amatola	KSD PL Bulk Water Supply Infrastruture	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
18		Amatola / Lwazcon	Coffee bay Regional Water Supply Projects-Supply to Ward 24 & Ward 23	Infrastructure, Water & Sanitation	Poor	Contractor has been given notice of non-performance and was requested to submit an acceleration plan to cover for the lost time.	Contractor been put into terms.
19	ORTDM SCMU 17-22/23	Brainwave Projects 848	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
20	MIS 418 369 B	Bulela Trading	Construction Of King Sabata Dalindyebo Ward 33 B Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
21	MIS 418 503 A	Camthisi Holdings	Construction Of Mhlontlo Ward 10A Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
22	MIS 205 189	Arcus Gibb	Mhlahlane Regional Water Supply Scheme	Infrastructure, Water & Sanitation			

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
23	MIS 200 542	Arcus Gibb Engineering	Extension of Rosedate Water Supply To Libode Phase 4	Infrastructure, Water & Sanitation			
24	SCMU 27-17/18	Aseza Projects Managers	Ntokozweni Phase 2 Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
25	ORTDM SCMU 02-22/23	Asseteq JV	Procurement Of Professional Services For The Programme Management And Support Of The Road Asset Management System (Rams) For A Period Of 3 Years.	Infrastructure, Water & Sanitation	Good	N/A	N/A
26	MIS 439 795 E	Captain Mogul (Pty) Ltd	Construction of KSD Ward 17 E Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	Contractor appointed towards the end of the financial year and works commenced during 2023/24 FY
27	ORTDM SCMU 16-22/23	Bathabile Construction Services	Refurbishment of Infrastructure AT Mvumelwano Water Treatment Works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
28	ORTDM SCMU 27-20/21	Bhodlinyama Trading Enterprise	Mqanduli Secondary Bulk Water Scheme-Phase 2:Contract 5	Infrastructure, Water & Sanitation	Poor	Contractor has been requested to increase resources.	While Contractor has missed the completion date, penalties apply
29	SCMU 08-21/22	Bhodlinyama Trading Enterprise	Construction of Dakane Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
30	MIS 382 643A	Bhodlinyama Trading Enterprise	Upgrading of Tsolo Town Sewer Reticulation Phase1: Contract 1	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
31	ORTDM SCMU 16-22/23	CCG Systems (Pty) Ltd	Provision Of Electronic Performance And Risk Management System At O.R Tambo District Municipality For	Strategic Planning & Governance	Satisfactory	N/A	N/A

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
			A Period Of Three Years (36 Months)				
32	MIS 271 059	Bitline SA 1060 CC	Mqanduli Secondary Bulk Water Scheme Phase 2	Infrastructure, Water & Sanitation	Poor	Contractor has been requested to increase resources.	N/A
33	ORTDM SMCU 22-22/23	Bitline SA 1060 CC	Construction of Mthatha Dam Raw Water Pumpstation: CIVIL WORKS	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
34	SCMU 27-17/18	BM Infrastructure Development	Kwayhu,Qojana and Gqwara Water Supply Scheme	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
35	ORTDM SCMU 02-20/21	Click N Travels	Appointment of a Panel of Service Providers for Travel Solutions Services for The O.R Tambo District Municipality for a Period of Three Years	Budget & Treasury Office	Satisfactory	N/A	N/A
36	ORTDM SCMU 17-22/23	Coronado/ Durap/ Kayalihle	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
37	ORTDM SCMU 53-18/19	BOBOSHE JV MKHONDWANA	Mqanduli Secondary Bulk Scheme: contract 1	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
38	ORTDM SCMU 20-18/19	Boboshe Trading Enterprise	Construction of 7110M Long X 160/90MM DIA UPVC Off Take Gravity Pipeline to Matenjani, Ndindimeni and Matolweni	Infrastructure, Water & Sanitation	Satisfactory	N/A	
39	MIS 439 795 F	Cycle Civils	Construction of KSD Ward 17 F Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	Contractor appointed towards the end of the financial year and works commenced during 2023/24 FY

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40	ORTDM SCMU 17-22/23	Develex 302	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
41	ORTDM SCMU 17-22/23	Docrine Development Construction	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Good	N/A	N/A
42	ORTDM SCMU 19-22/23	Easy Pay (Pty) Ltd	Provision of Bill Payment Services for a Period of Three Years	Budget & Treasury Office	Good	N/A	N/A
43	ORTDM SCMU 17-22/23	Ergoflex 283 CC	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
44	ORTDM SCMU 60-20/21	Ergoflex 520 CC	Supply and delivery of plumbing materials and equipment for a period of 36 months (INGQUZA HILL AND KSD LOCAL MUNICIPALITY)	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
45	ORTDM SCMU 13-21/22	Excellent Precision Consulting	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
46	ORTDM SCMU 39/18-19	Culture at Work Trading	Rosedale To Libode Water Supply Infrastructure	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
47	ORTDM SCMU 29-22/23:	Cycle Civils	Lukwethu Regional Water Supply Scheme and Surrounding Villages (Phase 1) – Maqhingeni and Manzothweni Reticulation in Ward 32 And 35	Infrastructure, Water & Sanitation	Good	N/A	N/A
48	ORTDM SCMU 26-21/22	Dark B4 Light JV Insig Consultants	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase 1)- Mampingeni, Ndakana, Kwesikhulu, Ngqwarha, Emampondweni, Esikolweni, Emabheleni and Emazizini Reticulation in Ward 29- Contract 9	Infrastructure, Water & Sanitation	Poor	A notice of poor performance was issued to the contractor with the request for additional resources.	N/A
49	MIS 409 944 B	Eyethu Projects and Plant Hire	Construction Of Nyandeni Ward 5B Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
50	ORTDM SCMU 13-21/22	Flux Development Scientist CC	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
51	MIS 418 504 A	Gadalani Trading JV Amadinga	Construction Of Mhlontlo Ward 13 A Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A
52	SCMU 31/18-19	Egxen Engineering	Construction of Rising Main Form Mhlahlane WTW To 1 ML Command Reservoir and Gravity Main From 1 ML Command Reservoir To WTW	Infrastructure, Water & Sanitation	N/A	The project was terminated due to community issues which led to the stoppage of the project	Termination was beyond Contractor's powers.

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53	ORTDM SCMU 14-22/23	Ergoflex	Refurbishment of Infrastructure At Athur Homes Pump Station	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
54	MIS 439 795	Gcinasonke Engineers	Construction of KSD Ward 17 B VIP Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	Contractor appointed towards the end of the financial year and works commenced during 2023/24 FY
55	ORTDM SCMU 17-22/23	Gcinasonke Engineers	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
56	ORTDM SCMU 23-21/22	Ergoflex 520 CC	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase 1)- Kunene, Zwelitsha, Mvunge, Ndisane, Zingeni and Rudge Reticulation in Ward 35- Contract 6	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
57	15-22/23	Excellent Precision Consulting	Refurbishments of Water and Waste Treatment Works Affected by Floods- Sidwadweni WTW	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
58		Excellent Precision Consulting	Refurbishment of Water and Waste Water Treatment Works Affected by Floods-Mhlanga WTW	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
59		Excellent Precision Consulting	Refurbishment of Water Treatment and Waste Water Treatment Works affected by Floods-Mqanduli WTW	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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60		Excellent Precision Consulting	Refurbishment of Water Treatment and Waste Water Treatment Works affected by Floods-Tsolo WTW	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
61	ORTDM SCMU 15-22/23	Excellent Precision Consulting	Refurbishment of Water Treatment and Waste Water Treatment Works affected by Floods-Upper Chulunca	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
62		Excellent Precision Consulting	Refurbishment of Water Treatment and Waste Water Treatment Works affected by Floods-Mvumelwano	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
63		Excellent Precision Consulting	Refurbishment of Water Treatment and Waste Water Treatment Works affected by Floods	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
64	ORTDM SCMU 18-22/23	Gcinasonke Engineers	Appointment of One or More Suppliers to Conclude Framework Contracts to Manufacture, Supply and Delivery of Various VIP Toilets	Infrastructure, Water & Sanitation	N/A	N/A	The project has not started yet
65	MIS 232 949	Eyethu Projects and Plant Hire	Construction of Lusikisiki Sewer & Sewer Treatment Plant Phase 2B	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
66	SCMU 04-20/21	Eyethu Projects and Plant Hire	Construction of Cumgce, Mathe and Gqina Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
67	ORTDM SCMU 17-22/23	Governor Group	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Unsatisfactory	Contractor has been terminated	N/A
68	ORTDM 15-22/23	Faku Mphumzi Civils and Building constructors	Refurbishment of infracture at Upper Chulunca Water Treatment	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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69	ORTDM SCMU 03-20/21	Faku Mphumzi Civils and Building constructors	Mpendle Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
70	ORTDM SCMU 47-20/21	Governor Group	Panel of 5 Turnkey Building Contractors for Enrolment and Construction of Houses with NHBRC	Infrastructure, Water & Sanitation	Unsatisfactory	Contractor has been terminated	N/A
71	ORTDM SCMU 02-20/21	Havery World	Appointment of a Panel of Service Providers for Travel Solutions Services for The O.R Tambo District Municipality for a Period of Three Years	Budget & Treasury Office	Satisfactory	N/A	N/A
72	ORTDM SCMU 49-18/19	Gcina Sonke Engineers cc	Mqanduli Secondary Bulk Water Scheme	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
73	ORTDM SCMU 59-20/21	Heed SA	A Panel Of Service Providers For Manufacturing, Installation, Construction, Supply And Delivery Of Agricultural And SMME Implements /Machinery And Inputs For O.R Tambo District Municipality Department Of Rural Economic Development And Planning For A Period Of 3 Years	REDP	Satisfactory	N/A	N/A
74	ORTDM SCMU 14-22/23	Heed SA	Appointment of Panel of Service Providers to Supply and Deliver Fire and Rescue Services Station Uniform for a period of three years (36 months)	Community Services	N/A	N/A	No work has been delivered
75	ORTDM SCMU 13-21/22	HSC Consulting	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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			When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months				
76	ORTDM SCMU 23-22/23	IBD Consortium	Request for Service Provider to Update Infrastructure Asset Register for O R Tambo District Municipality for Three (3) Years.	Budget & Treasury Office	Satisfactory	N/A	N/A
77	ORTDM-SCMU 25-17/18	Hatch	Lusikisiki Sewer and WWTW Phase 2&3	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
78	ORTDM SCMU 12-21/22	Ilunga Legwara Trading	Appointment Of A Panel Of Five (5) Service Providers For The Supply And Delivery Of Stationery For A Period Of Three (3)	Budget & Treasury Office	Satisfactory	N/A	N/A
79	ORTDM SCMU 13-21/22	Imbawula Civil Projects (Pty) Ltd	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
80	ORTDM SCMU 51-20/21	Imbawula Civil Projects	Panel of 3 Consortiums to undertake construction project management on human settlements programmes	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
81	ORTDM SCMU 17-22/23	Inkanyeli RBV JV	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Unsatisfactory	Notice issued	

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82	ORTDM SCMU 17-22/23	JKN Development Consultants	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
83	ORTDM SCMU 32-20/21	ICON	Lukwethu Regional Water Supply Scheme and Surrounding Villages (Phase 1) – Lowe Nqokana, Upper Qokana and Zmbane Reticulation in Ward 32	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
84	ORTDM 08-20/21	Igorha construction	Construction of Nonyikila Springs Protection	Infrastructure, Water & Sanitation	Poor	The Contractor was requested to add resources and sub-contracted some of the work	Contractor has been put into terms
85	ORTDM SCMU 13-21/22	JTN Consulting (Pty) Ltd	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
86	ORTDM SCMU 17-22/23	Kentha Construction	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
87	ORTDM SCMU 17-22/23	Khulanathi Construction JV	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor

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88	ORTDM SCMU 13-21/22	Khulanathi Consulting	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation			
89	ORTDM SCMU 31-21/22	Intlangula 86 Trading Enterprise	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase1)- Luthuthu Reticulation in Ward 32- Contract 14	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
90	SCMU 25-17/18	IX Engineers	Flagstaff Sewer and sewage Facility:Phase 3	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
91	ORTDM SCMU 08-22/23	Kimopax Africa (Pty) Ltd	Appointment Of A Panel Of Professional Mechanical And Electrical Engineering Services Consultants By O. R. Tambo District Municipality For A Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
92	ORTDM SCMU 07-22/23	Kimopax Africa (Pty) Ltd	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
93	MIS 418 508	KKW Trading Enterprise JV Veemzie (Pty) Ltd	Construction Of Nyandeni Ward 1 Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A
94	MIS 418 334	Kwangi 12 Developers	Construction Of Ingquza Hill Ward 20 Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A

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95	ORTDM SCMU 14-21/22	Lavendermoon Trading	Appointment Of Service Provider For Supply And Delivery Of Plumbing Materials And Equipments In KSD Region For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
96	ORTDM SCMU 13-21/22	Lech Consulting Civil and Structural Engineers	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	N/A	No Allocation for a specific project as yet.	N/A
97	ORTDM SCMU 51-20/21	Leko Engineering	Panel of 3 Consortiums to undertake construction project management on human settlements programmes	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
98	ORTDM SCMU 17-22/23	Lematshe Distribution Services	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
99	ORTDM SCMU 09-22/23	Kula Africa Agriculture and Construction Projects	Remedial Works For King Edward Street Sewer – Major Repairs Of The Sewage Pipeline	Infrastructure, Water & Sanitation	Poor	Contractor has been requested to increase resources and sub-contracted some work.	N/A
100	ORTDM SCMU 12-22/23	Kuyazanywa Construction	Refurbishments Of Infrastructure Damaged By Flooding At Lutsheko Water Treatment Plant (WTP)	Infrastructure, Water & Sanitation	Satisfactory	N/A	Will the expenditure be Capitalized or not? No
101	ORTDM SCMU 27-22/23	Kuyazanywa Construction	Construction of Security Fence at the Mthatha Wastewater Treatment Works for the O.R Tambo District Municipality	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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102	ORTDM SCMU 12-21/22	Light Up Engineering Projects	Appointment Of A Panel Of Five (5) Service Providers For The Supply And Delivery Of Stationery For A Period Of Three (3)	Budget & Treasury Office	Satisfactory	N/A	N/A
103	ORTDM SCMU 13-21/22	Likhithanande Engineers	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
104	ORTDM SCMU 13-21/22	Loyiso Consultants	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
105	SCMU 23-17/18	Leko Engineering	Ngqeleni Corridor Secondary Bulk	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
106	ORTDM SCMU 17-22/23	LSG Surveyors and Quantity Surveyors	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
107	ORTDM SCMU 37-20/21	Lugaju Innovations	Provision of Scientific Services for the Period of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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108	ORTDM 24-19/20	LG Construction	Mthambalala Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
109	ORTDM SCMU 14-22/23	Luqambo Agencies	Appointment of Panel of Service Providers to Supply and Deliver Fire and Rescue Services Station Uniform for a period of three years (36 months)	Community Services	N/A	N/A	No work has been allocated to the contractor
110	MIS 232 949	Lihlenathi Property Construction	Construction of Lusikisiki Sewer Reticulation-Town/Commercial & Hilbrow	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
111	MIS 232 949	Lihlenathi Property Construction	Construction of Lusikisiki Sewer Reticulation- New Town	Infrastructure, Water & Sanitation	Poor	The matter has been escalated to the Political leadership to intervene.	The delays experienced within the project were due to local forum's demands therefore beyond Contractor's powers.
112	SCMU34-20/21	Lihlenathi Property Construction	Lukhwetu Water Supply	Infrastructure, Water & Sanitation	Poor	The matter has been escalated to the Political leadership to intervene.	The delays experienced within the project were due to local forum's demands therefore beyond Contractor's powers.
113		Likhithanande Engineers	Water Source Development	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
114	MIS 418 629	Lusulungo Trading JV Phahle Construction	Construction Of Port St Johns Ward 2 Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A

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115	ORTDM SCMU 12-18/19	Livero JV K2S	Construction of Ntsonyini Off Channel	Infrastructure, Water & Sanitation	Unsatisfactory	The project has been terminated due to non-payment when the municipality was under Section 216	Project Terminated
116	MIS 418 775	Lusungulo Trading JV Phahle Construction	Construction Of Port St Johns Ward 20 VIP Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	
117	ORTDM SCMU 07-22/23	Lwazcon Eartworks and Plant Hire	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
118	MIS 232 949	Ludumo Trading	Construction of Lusikisiki sewer	Infrastructure, Water & Sanitation	Poor	The matter has been escalated to the Political leadership to intervene.	The delays experienced within the project were due to local forum's demands therefore beyond Contractor's powers.
119	ORTDM 29-18/19	Ludumo Trading	Construction of Pumpstation at Mhlahlane WTW and Refurbishment of Existing Weir	Infrastructure, Water & Sanitation	Poor	The project was terminated due to community issues which led to the stoppage of the project	Project Terminated
120	ORTDM SCMU 20-22/23	M- Guard (Pty) Ltd	Appointment of three service providers for the provision of security services for O.R Tambo District Municipality Facilities for a period of three (3) years	Corporate Services	N/A	N/A	Service provider appointed towards the end of June 2023
121	ORTDM 18-18/19	Luphawu Trading	Construction of Polini to Thurhweni rising Main and 500kl Resevior	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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122	ORTDM SCMU 17-22/23	Mabija Construction SGN	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
123	MIS 439 658	Mabozela Trading Enterprise	Construction of Ingquza Hill Ward 7 Vip Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	Contractor appointed towards the end of the financial year and works commenced during 2023/24 FY
124	MIS 439 824 C	Madlangathi Building and Civils	Construction of Nyandeni Ward 30 C Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	Contractor appointed towards the end of the financial year and works commenced during 2023/24 FY
125	ORTDM SCMU 07-22/23	Magnacorp 485 T/A K2S	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
126	MIS 316 080 D	Mabona Civils and Plant Hire	DUMASI Regional Water Scheme Phase 1: Construction of Bulk Pipeline from Ngqeleni Gravity main to Kwaguqaza. Contract 4	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
127	SCMU 30/18-19	Magnacorp 485 CC	Construction of the 1ML Command Reservoir	Infrastructure, Water & Sanitation	Poor	Project terminated due to stoppages by community and local forums	project Terminated and will be re-advertised on intervention by

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
							Political Leadership
128	ORTDM SCMU 35-18/19	Magnacorp 485 CC	Construction of Mafengwini, Mapengele and Dalagubha Reticulations	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
129	ORTDM SCMU 51-18/19	MAGNACORP 485 CC	Mqanduli Secondary Bulk Scheme: contract 1	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
130	ORDTM SCMU 23-20/21	Magnacorp 485 CC t/a K2S Construction Africa	Mqanduli Secondary Bulk Water Scheme Phase 2	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
131	MIS 203 351	Magnacorp 485 T/A K2S	Construction of Ntsonyini/ Ngqongweni Water Supply Scheme	Infrastructure, Water & Sanitation	Poor	Contractor been requested to increase resources	N/A
132	MIS 271 056 C	Magnacorp 485 T/A K2S	Libode Secondary Bulk: Construction of Bulk Pipeline from Magcakini to Mambethu	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
133	ORTDM SCMU 56-20/21	Magnacorp 521 T/A K2S	Appointment Of A Panel Of Service Providers For Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
134	ORDTM SCMU 24-20/21	Magnacorp 485 t/a K2S Construction	Mqanduli Secondary Bulk Water Scheme Phase 2: Contract 2	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
135	ORTDM SCMU 09-21/22	Malebye Motaung Mtembu Inc	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory	N/A	N/A
136	ORTDM SCMU 07-22/23	Manco Business Enterprise	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
137	MIS 315 995 B	Manco Business Enterprise	Port St John's Regional Water Supply Scheme Phase 6: Mechanical and Electrical	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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138	ORTDM SCMU 56-20/21	Manco Business Enterprise (Pty) Ltd	Appointment Of A Panel Of Service Providers For Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
139	MIS 232 949	Manco Business Enterprise (Pty) Ltd	Construction of Lusikisiki Sewer & Sewage Treatment Plant Phase 2A	Infrastructure, Water & Sanitation	Poor	Contractor requested to increase resources	N/A
140	ORTDM SCMU 21-22/23	Manco Business Enterprise (Pty) Ltd	Construction of Thornhill WTW Ph3 Upgrade (80MI/d to 115MI/d): CIVIL WORKS	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
141	MIS 439 802	Mangedlewula Projects	Construction of Mhlontlo Ward 4 Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
142	ORTDM SCMU 17-22/23	Masakhane Projects JV Calvin Family Trust	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
143	SCMU 19-18/19	Manyobo Group	Ngqeleni Secondary Bulk	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
144	ORTDM SCMU 30-21/22	Manyobo Group	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase1)- New Rest and Ngcanasini Reticulation in Ward 29- Contract 13	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
145		Mariswe	Repairs of two Major Sewage:King Edward street and owen-Harrow streets-Water Services Infrastructure Grant	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
146	MIS 418 774 B	Mathew and Son Plant Hire T/A Mathew Group	Construction Of Port St Johns Ward 19B Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor instructed to increase resources	N/A
147	ORTDM SCMU 07-22/23	Max-wezie Civil and Building Contractors	Appointment Of Panel of Service Providers For Mechanical & Electrical Works	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor

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			And Borehole Equipping For 36 Months				
148	ORTDM SCMU 09-21/22	Mbabane and Maswazi Inc	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory	N/A	N/A
149	ORTDM SCMU 51-20/21	Mekan Engineering	Panel of 3 Consortiums to undertake construction project management on human settlements programmes	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
150	ORTDM SCMU 33-18/19	Mbako Projects and Trading cc	Construction of A DN200 4.8 KM Gravity Main from Lwandlana Off take Chamber to Ncise Reservoir	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
151	ORTDM SCMU 07-22/23	Mfuraa Projects	Appointment Of Panel of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
152	MIS 409 944 A	Mgagoa Business Enterprise	Construction Of Nyandeni Ward 5A Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	Contractor terminated due the death of the Executive Director
153	ORTDM SCMU 67-20/21	Milisa Incorporated	Supply And Delivery Of Protective Clothing For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
154	ORTDM SCMU 07-22/23	Mizotech JV	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
155	ORTDM SCMU 56-20/21	Mizotech JV ZKS	Appointment Of A Panel Of Service Providers For Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
156	ORTDM SCMU 20-22/23	Mjoes Security and Cleaning Services	Appointment of three service providers for the provision of security services for O.R Tambo	Corporate Services	N/A	N/A	No work has been allocated to the contractor

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			District Municipality Facilities for a period of three (3) years				
157	ORTDM SCMU 60-20/21	Mkura Business Enterprise	Supply and delivery of plumbing materials and equipment for a period of 36 months(NYANDENI AND KSD LOCAL MUNICIPALITY)	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
158	ORTDM SCMU 32-18/19	Mnandi Civils	Construction of the Gravity Main Mhlahlane WTW to Lwandlana Reservoir	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
159	ORTDM SCMU 17-22/23	Mologadi A Nape Business Enterprise	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
160	ORTDM SCMU 13-21/22	Monde Consulting and Project Engineers	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
161	ORTDM SCMU 58-20/21	Motagane Chem Works	Supply, Delivery and Offloading Of Water And Wastewater Chemicals	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
162	ORTDM SCMU 17-22/23	Motheo Construction Group	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
163	MIS 316 132	MSB Ultra Construction	Lukwethu Regional Water Supply Scheme and surrounding Villages phase	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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			1KuSigiba Lowe Ceku Reticulation in waed				
164	ORTDM SCMU 24-21/22	MSB Ultra Construction	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase 1)- Kwenxura, Emtebe, Emadlaneni and Nyandeni Reticulation in Ward 35- Contract 7	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
165	ORTDM SCMU 12-21/22	Must've Books	Appointment Of A Panel Of Five (5) Service Providers For The Supply And Delivery Of Stationery For A Period Of Three (3)	Budget & Treasury Office	Satisfactory	N/A	N/A
166	11-22/23	Mvubu Consulting and Project Managers	Provision of Engineering Services for Port ST Johns water Treatment works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
167		Mvubu Consulting and Project Managers	Provision of Engineering Services for the Refurbishment of Nqgeleni Water Treatment Works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
168		Mvubu Consulting and Project Managers	Provision of Engineering Services for Lutsheko Water Treatment Works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
169		Mvubu Consulting and Project Managers	Provision of Engineering Service for Nqgongweni Water Treatment Works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
170		Mvubu Consulting and Project Managers	Provision of Engineering Services for the Refurbishment of Mdlakala Water Treatment Works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
171		Mvubu Consulting and Project Managers	Provision of Engineering Services for Umzimvubu Water Treatment works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
172	ORTDM SCMU 09-21/22	Mvuzo Noyesi Incorporated	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory		

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173	MIS 439 673	Mzamo Capitals	Construction of KSD Ward 1 Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
174	ORTDM SCMU 09-21/22	N.Z Mtshabe Incorporated	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory	N/A	N/A
175	ORTDM SCMU 02-20/21	Namhlanje Travels	Appointment of a Panel of Service Providers for Travel Solutions Services for The O.R Tambo District Municipality for a Period of Three Years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
176	ORTDM SCMU 17-22/23	Nata Construction	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
177	SCMU 25-17/18	Nathoo Mbenyane Engineers	Approval of Qumbu Wastewater Treatment Works and Sewer Reticulation Network	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
178	ORTDM SCMU 13-21/22	Nathoo Mbenyane Engineers	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
179	25-22/23	Ndabonga Trading	Refurbishment of Ngqongweni Water Treatment works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
180	ORTDM SCMU 24-22/23	Ndabonga Trading	Refurbishment of Flood damaged Infrastructure at Mangxamfu Water Treatment Plant	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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181	ORTDM SCMU 17-22/23	Nebavest 46	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
182	MIS 418 507 B	Ngcombela Civils and Plant Hire	Construction of Mhlontlo Ward 17 B Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor requested to increase resources	N/A
183	MIS 418 369 A	Ngcombela Civils and Plant Hire	Construction Of King Sabata Dalindyebo Ward 33 A Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor requested to increase resources	N/A
184	ORDTM SCMU 26-20/21	Ngqakumba Trading	Mgqanduli Secondary Bulk Water Scheme	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
185	MIS 439 833	Nobakhe Projects (Pty) Ltd	Construction of Mhlontlo Ward 23 Sanitation	Infrastructure, Water & Sanitation	poor	Contractor requested to increase resources	
186	ORTDM SCMU 59-20/21	Nomzukvil Trading	A Panel Of Service Providers For Manufacturing, Installation, Construction, Supply And Delivery Of Agricultural And Smme Implements /Machinery And Inputs For O.R Tambo District Municipality Department Of Rural Economic Development And Planning For A Period Of 3 Years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
187	ORTDM SCMU 09-21/22	Nosindwa Attorney	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory	N/A	N/A
188	ORTDM SCMU 10-22/23	Novubu Construction	Remedial Works For Harrow Road Sewers - Major Repairs Of The Sewage	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
189	ORTDM SCMU 29-20/21	NSG/Vitsha JV	Mqanduli Secondary Bulk Water Scheme	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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190	MIS 418 504 C	Ntingi Legacy (Pty) Ltd	Construction of Mhlontlo Ward 13 C Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor	N/A
191	ORTDM SCMU 17-22/23	Odwa and Sollie Trading	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
192	MIS 418 504 B	Oko 1020 Trading (Pty) Ltd	Construction Of Mhlontlo Ward 13 B Sanitation	Infrastructure, Water & Sanitation	Poor	Contractor requested to increase resources	N/A
193	ORTDM SCMU 17-22/23	Phumelela Dlomo Construction	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
194	ORTDM SCMU 07-22/23	Purple Pancy 101 CC t/a Sondeza Amanzi	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
195	ORTDM SCMU 17-22/23	Quantum Leap Investments	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
196	ORTDM SCMU 94-18/19	REA Letamisa	Libode Disaster Management Centre	Infrastructure, Water & Sanitation			
197		Ready Bio	Tambo Water Treatment Works River and Booster Pump Stations Repairs	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
198	ORTDM SCMU 17-22/23	Real Deal Investors	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor

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199	ORTDM SCMU 64-20/21	Reddy Bio Clean	Appointment For Supply, Delivery Fitting Of Fleet Tyres, Tubes And Batteries Including Wheel Alignment For a Period Of Three Years	Infrastructure, Water & Sanitation			
200	ORTDM SCMU 28-21/22	Reddy Bio Clean T/A Milisa Incorporated	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase1)- Zwelitsha and Manqabeni Reticulation in Ward 29- Contract 11	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
201	ORTDM SCMU 59-20/21	Reddy Bio-Clean	A Panel Of Service Providers For Manufacturing, Installation, Construction, Supply And Delivery Of Agricultural And Smme Implements /Machinery And Inputs For O.R Tambo District Municipality Department Of Rural Economic Development And Planning For A Period Of 3 Years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
202	ORTDM SCMU 58-20/21	Rheochem (Pty) LtdJV Lugaju Innovations	Supply, Delivery and Offloading Of Water And Wastewater Chemicals	Infrastructure, Water & Sanitation			
203	ORTDM SCMU 44-20/21	Riley Auctioneers	Appointment of Experienced Auctioneer Companies to Conduct Auctions for Movable Assets for a period of 3 years	Infrastructure, Water & Sanitation			
204	ORTDM SCMU 01-22/23	Roodah Bros Trading JV Lula Cind Mali Construction	Panel of Contractors for ad-hoc repairs and maintenance of Municipality Building Facilities for the period of 3 years	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
205	ORTDM SCMU 14-22/23	Rural Development Textiles	Appointment of Panel of Service Providers to Supply and Deliver Fire and Rescue Services Station Uniform for a period of three years (36 months)	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor

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206	ORTDM SCMU 13-21/22	S.Zoko Consulting CC JV Isilimela Project Managers	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/a
207	ORTDM SCMU 42-20/21	Sains Agencies JV Lugaju Innovations	Supply and delivery of Laboratory Equipment and Consumables for 36 months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
208	ORTDM SCMU 17-22/23	Sdumo Housing Trust	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Good	N/A	No work has been allocated to the contractor
209	ORTDM SCMU 13-22/23	SEBL Civils and Plant Hire	Refurbishment of floods damaged infrastructure at Mdlakala Water Treatment Work	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
210	ORTDM SCMU 13-22/23	SEBL Civils and Plant Hire	Refurbishments Of Infrastructure Damaged By Flooding At Mdlankala Water Treatment Plant (WTP)	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
211	ORTDM SCMU 17-22/23	Sector Five Trading 108	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
212	ORTDM SCMU 18-22/23	Shocrete JV Mgagoa	Appointment of One or More Suppliers to Conclude Framework Contracts to Manufacture, Supply and Delivery of Various VIP Toilets	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor

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213	ORTDM SCMU 60-20/21	Shukuma Trading Enterprise	Supply and delivery of plumbing materials and equipment for a period of 36 months (MHLONTLO LOCAL MUNICIPALITY)	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
214	ORTDM SCMU 17-22/23	Silobert Projects	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
215	ORTDM SCMU 13-22/23	Slim Khulu Holdings (Pty) Ltd	Appointment Of A SITA Accredited Service Provider To Supply And Deliver Laptops And Desktops	Corporate Services	N/A	N/A	No work has been allocated to the contractor
216	SCMU 23-17/18	SMEC South Africa (Pty)Ltd	Ntsoyini Ngqongweni Regional Water Supply Scheme	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
217	ORTDM SCMU 07-22/23	SNR Electrical CC	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
218	ORTDM SCMU 13-21/22	Sokhani Development and Consulting Engineers	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
219	ORTDM SCMU 25-20/21	Splish Splash JV Noziqonga Trading	Mqanduli Secondary Bulk Water Scheme	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

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220	ORTDM SCMU 21-20/21	SQT	Supply and Delivery of Temporal Structures for a Period of 3 Years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
221	ORTDM SCMU 07-22/23	Stevelec Electrical and Mechanical Contractors	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	N/A
222	ORTDM SCMU 02-20/21	Swift Travels	Appointment of a Panel of Service Providers for Travel Solutions Services for The O.R Tambo District Municipality for a Period of Three Years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
223	ORTDM SCMU 09-21/22	T. Noah and Sons Inc	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	N/A	N/A	No work has been allocated to the Service Privoder
224	ORTDM SCMU 09-21/22	T.L Luzipho Attorneys Inc	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory	N/A	N/A
225	ORTDM SCMU 07-22/23	Tarcon Projects (Pty) Ltd	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
226	ORTDM SCMU 61-20/21	Tau Tau Training Enterprise	Request For A Panel Of Five Service Providers To Conduct Community Education Workshops For A Period Of Three Years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
227		Tekoa Engineers	Refurbishment of Mthatha Waste Water Treatment Works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
228	ORTDM SCMU 25-21/22	Thabile Trading 125 CC	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase 1)- Rhala, Ummango Ophakathi,	Infrastructure, Water & Sanitation	Poor	Contractor requested to increase resources	N/A

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
			Magala, Ndlunkulu, Ntlangwini and Phezukwentaba Reticulation in Ward 35- Contract 8				
229	MIS 418 509 B	Thalami Civils (Pty) Ltd	Construction Of Nyandeni Ward 10 B Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
230	MIS 204 539	Thubalam	Construction of Phase 1A Of the New Libode Wastewater Treatment Works	Infrastructure, Water & Sanitation	Poor	Contractor requested to increase resources	N/A
231	MIS 203 177	Thuso Development Consultants	Flagstaff Regional Water Supply Scheme Phase 2	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
232	MIS 200 542	Thuso Development Consultants	Ntsonyini Ngqongweni Regional Water Supply Scheme Phase 2 and 3	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
233	ORTDM SCMU 23-17/18	Thuso Development Consultants	Port St Johns Regional Water Supply Phase 6	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
234	ORTDM SCMU 23-17/18	Thuso Development Consultants	Ntsoyini Ngqongweni Regional Water Supply Scheme Phase 2	Infrastructure, Water & Sanitation	Poor	Performance has been due to design matters realised during implementation	N/A
235	ORTDM SCMU 07-22/23	Tidoo Engineering Services	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
236	ORTDM SCMU 58-18/19	Tiki Tiki Civils	Mqanduli Secondary Bulk Water Scheme	Infrastructure, Water & Sanitation	Poor	Contractor was requested to increase resources	N/A
237	ORTDM SCMU 20-22/23	Timelines Security Services	Appointment of three service providers for the provision of security services for O.R Tambo District Municipality Facilities for a period of three (3) years	Corporate Services	N/A	N/A	N/A

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
238	ORTDM SCMU 57-20/21	TM Consortium JV Procosone	Appointment Of Service Provider For Mechanical And Electrical Works For 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
239	ORTDM SCMU 56-20/21	TM Consortium JV Procosone	Appointment Of A Panel Of Service Providers For Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
240	ORTDM SCMU 09-21/22	Tonise Attorney	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory	N/A	N/A
241	ORTDM SCMU 17-22/23	Toplee Trading	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
242	ORTDM SCMU 12-21/22	Triple D (Pty) Ltd	Appointment Of A Panel Of Five (5) Service Providers For The Supply And Delivery Of Stationery For A Period Of Three (3)	Budget & Treasury Office	Satisfactory	N/A	N/A
243	ORTDM SCMU 11-22/23	Tswella Trading	Refurbishments Of Infrastructure Damaged By Flooding At Umzimvubu And Port St Johns Water Treatment Plant	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
244	ORTDM SCMU 27-21/23	Tswella Trading 88	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase1)- Maqomeni, New Rest and Kunkompa Reticulation in Ward 29- Contract 10	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
245	ORTDM SCMU 31-20/21	Tyekes	Lukhwetu Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
246	MIS 315 995 A	Tyekes Plant Hire	Port St John's Regional Water Supply Scheme Phase 6: Civil Works	Infrastructure, Water & Sanitation	Unsatisfactory	Project was terminated	N/A

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
247	ORTDM SCMU 33-20/21	Tyeks Plant Hire and Construction	Lukwethu Regional Water Supply scheme And Surrounding Village: Phase 1- Lower Ngqwala-A, Upper Ngwala- A and Maqhibeni Reticulation in Ward 32	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
248	ORTDM SCMU 53-20-21	Tyeks Plant Hire and construction	Ntokozweni Water Supply Phase 2	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
249	MIS 382 643 B	Tyeks Plant Hire and Construction	Upgrading of Tsolo Town Sewer Reticulation Phase1: Contract 2	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
250	ORTDM SCU 29-21/22	Tyeks Plant Hire and Construction JV Henque 3073	Lukhwethu Regional Water Supply Scheme and Surrounding Villages (Phase1)- Viedgesville (Khohlo D, Jojweni and Ebunzimeni) Reticulation in Ward 32- Contract 12	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
251	ORTDM SCMU 25-17/18	Uhambiso	Upgrading of Tsolo Town Sewer Reticulation:Phase 1-Contract 1 & 2	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
252	ORTDM SCMU 55-18-19	Uhuru Civils	Mqanduli Secondary Bulk Water Scheme: Contract 06	Infrastructure, Water & Sanitation	Poor	Contractor Ceded the scope	N/A
253	ORTDM SCMU 13-21/22	Tshatshu Consulting and Project Managers	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
254	MIS 439 674	Ubuhlebam Trading	Construction of Ingquza Hill Ward 26 Sanitation	Infrastructure, Water & Sanitation			

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
255	ORTDM SCMU 23-17/18	Umpisi Engineers	Libode Corridor Secondary Bulk	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
256	ORTDM SCMU 47-20/21	Ultrasonic Express	Panel of 5 Turnkey Building Contractors for Enrolment and Construction of Houses with NHBC	Infrastructure, Water & Sanitation	Unsatisfactory		
257	ORTDM SCMU 17-22/23	Umphele Developments (Pty) Ltd	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBC for a period of three years	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
258	MIS 418 509 A	Umzomhle Trading and Projects	Construction Of Nyandeni Ward 10 A Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
259	ORTDM SCMU 12-21/22	Unathi Computer Technologies CC	Appointment Of A Panel Of Five (5) Service Providers For The Supply And Delivery Of Stationery For A Period Of Three (3)	Budget & Treasury Office	Satisfactory	N/A	N/A
260	ORTDM SCMU 13-22/23	Unathi Computer Technologies CC	Appointment Of A SITA Accredited Service Provider To Supply And Deliver Laptops And Desktops	Corporate Services	N/A	N/A	No work has been allocated to the contractor
261	SCMU 06-21/21	Vistha Trading	Construction of Debese Water Supply Scheme	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
262	ORTDM SCMU 09-21/22	V. Funani Incorporated	Appointment of a panel of legal experts for a period of 3 years	Strategic Planning & Governance	Satisfactory	N/A	N/A
263	ORTDM SCMU 59-20/21	Vava Multi-Services	A Panel Of Service Providers For Manufacturing, Installation, Construction, Supply And Delivery Of Agricultural And Smme Implements /Machinery And Inputs For O.R Tambo District Municipality Department	Rural Economic & Development Planning			

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
			Of Rural Economic Development And Planning For A Period Of 3 Years				
264	MIS 439 824 B	Veemzie (Pty) Ltd	Construction of Nyandeni Ward 30B VIP Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	N/A
265	ORTDM 18-22/23	Zamisanani Projects	Refurbishment of Infructure at Mhlanga water Treatment works	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
266	MIS 439 781	Vezokungcono Trading CC	Construction of Ingquza Hill Ward 5 VIP Sanitation	Infrastructure, Water & Sanitation	N/A	N/A	N/A
267	ORTDM SCMU 47-20/21	Vitsha Civils	Panel of 5 Turnkey Building Contractors for Enrolment and Construction of Houses with NHBC	Infrastructure, Water & Sanitation	Poor	N/A	Contractor has delays in construction
268	MIS 439 795 C	Vitsha Civils	Construction of KSD Ward 17 C Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
269	MIS 316 080	Ziinzame Consulting Engineers (Pty) Ltd	Dumasi Regional Bulk Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
270	SCMU 23-17/18	Ziinzame Consulting Engineers (Pty) Ltd	Mgqanduli Corridor Secondary Bulk	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
271	SCMU 27-17/18	Ziinzame Consulting Engineers (Pty) Ltd	Nonyokila Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
272	ORTDM SCMU 25-17/18	Ziinzame Consulting Engineers (Pty) Ltd	Ngqeleni Waste Water Treatment Plant And Conveyance Infrastructure	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
273	SCMU 27-17/18	Ziinzame Consulting Engineers (Pty) Ltd	Construction of Debesse Water Supply Scheme	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
274	SCMU 27-17/18	Ziinzame Consulting Engineers (Pty) Ltd	Lukhalane Water Supply	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
275	ORTDM SCMU 07-22/23	Vitsha Civils JV	Appointment Of Panel Of Service Providers For Mechanical & Electrical Works And Borehole Equipping For 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
276	ORTDM SCMU 17-22/23	Zamazondo Construction	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Poor	N/A	No work has been allocated to the contractor
277	ORTDM SCMU 22-21/22	Zeda Car Leasing (Pty) Ltd t/a Avis Fleet	Full Maintenance Lease of Four (4) Sports Utility Vehicles for the Municipality for a period of 36 Months	Budget & Treasury Office	Good	N/A	N/A
278	MIS 439 665	Zee Zee Khula Trading	Construction Of Ingquza Hill Ward 30 Sanitation	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
279	ORTDM SCMU 17-22/23	Zibebe Construction	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	N/A	N/A	No work has been allocated to the contractor
280	ORTDM SCMU 60-20/21	Ziduliz Projects	Supply and delivery of plumbing materials and equipment for a period of 36 months (PORT ST JOHNS LOCAL MUNICIPALITY)	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

INDEX	BID NUMBER	CONTRACTED BIDDER	PROJECT DESCRIPTION	RESPONSIBLE DEPARTMENT	STATUS OF PERFORMANCE	MEASURE TAKEN TO IMPROVE PERFORMANCE	CONTRACTS ADMIN COMMENTS
281	ORTDM SCMU 13-21/22	Ziinzame Consulting Engineers (Pty) Ltd	Appointment Of Panel Of Professional Service Providers For The Planning And Design, Project Management And Commissioning Of Water Services Infrastructure As And When Their Services Required By O. R. Tambo District Municipality Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
282	ORTDM SCMU 17-22/23	Zipho Zetho (Pty) Ltd	Appointment of a Panel of Turnkey Building Contractors for Construction and Enrolment of Houses with NHBRC for a period of three years	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A
283	ORTDM SCMU 08-22/23	Zutari (Pty) Ltd	Appointment Of A Panel Of Professional Mechanical And Electrical Engineering Services Consultants By O. R. Tambo District Municipality For A Period Of 36 Months	Infrastructure, Water & Sanitation	Satisfactory	N/A	N/A

APPENDIX J - DISCLOSURE OF FINANCIAL INTERESTS
DECLARATION OF INTEREST REGISTER FOR MEMBERS OF O.R. TAMBO DISTRICT
MUNICIPAL COUNCIL

INITIAL & SURNAME	DATE OF DECLARATION	DECLARATION OF INTERESTS
1. Cllr Socikwa Y.V.	23 November 2022	<ul style="list-style-type: none"> • Isiqalo PTY LTD • Malayisha Sobs & Sons • (Jazz Band)
2. Cllr Sekese A.L.	14 November 2022	<ul style="list-style-type: none"> • Emalahleni Secondary Coop • Isiqalo Esitsha Primary Coop, • Rekgethile Trading PTY LTD • Rekgethile Mswati PTY LTD. • RDP house Matatiele Harry Gwala Park (no extension of the property)
3. Cllr Ngxekana M.H.	03 August 2022	Nothing to declare
4. Cllr Njisane S	03 August 2022	Nothing to declare
5. Cllr Zondani V.B.	18 August 2022	Nothing to declare
6. Cllr Gcingca N	07 November 2022	Nothing to declare
7. Cllr Capa N.Y.	22 August 2022	Nothing to declare
8. Cllr Giyose R.M.	07 November 2022	Nothing to declare
9. Cllr Vanda N.L.	07 November 2022	Nothing to declare
10. Cllr Mdledle N.	07 November 2022	Nothing to declare
11. Cllr Badli T.	07 November 2022	Nothing to declare
12. Cllr Ntshuba V.W.	07 November 2022	Nothing to declare
13. Cllr Ncolosi S.	31 August 2022	Nothing to declare
14. Chief Dalasile V.	31 August 2022	Nothing to declare
15. Cllr Jacob U.	31 August 2022	Nothing to declare
16. CLLR Vava K.	31 August 2022	Nothing to declare
17. CLLR Mggquba A.	05 September 2022	Nothing to declare
18. Cllr Sidlova N.	06 September 2022	Nothing to declare

INITIAL & SURNAME	DATE OF DECLARATION	DECLARATION OF INTERESTS
19. Cllr Gcilitshana L.	09 September 2022	Nothing to declare
20. Cllr Mtuku N.B.	07 November 2022	Nothing to declare
21. Cllr Ncapayi N.	31 August 2022	Nothing to declare
22. Cllr Nondaka Z.	31 August 2022	Nothing to declare
23. Cllr Ndabeni M.	31 August 2022	Nothing to declare
24. Cllr Fukula M.A.	31 August 2022	Nothing to declare
25. Cllr Libazi M.	31 August 2022	Nothing to declare
26. Cllr Mabheduman a B.	31 August 2022	Nothing to declare
27. Cllr Tshikitshwa	31 August 2022	Nothing to declare
28. Cllr Ntsodo Z.E.	18 August 2022	Nothing to declare
29. Cllr Gabada P.V.	18 August 2022	Nothing to declare
30. Cllr Makaba M.	22 August 2022	Nothing to declare
31. Cllr Matanda N.P.	31 August 2022	Nothing to declare
32. Cllr Nonkonyana N.	31 August 2022	Nothing to declare
33. Cllr Dambuza M.B.	02 August 2022	Nothing to declare
34. Cllr Ngqondwana M.D.	02 August 2022	Nothing to declare
35. Chief Mtirara B.P.	03 August 2022	Nothing to declare
36. Cllr Tokwana C.S.	11 August 2022	Nothing to declare
37. Cllr Matubatuba N.	03 August 2022	Nothing to declare
38. Cllr Somzana N.	10 August 2022	Nothing to declare

INITIAL & SURNAME	DATE OF DECLARATION	DECLARATION OF INTERESTS
39. Cllr Madolo S.	10 August 2022	Nothing to declare
40. Cllr Ranai W.	31 August 2022	Nothing to declare
41. Cllr Ngozi W.	19 October 2022	Nothing to declare
42. Cllr Maseko M.	10 August 2022	Nothing to declare
43. Cllr Buzana M.	11 August 2022	Nothing to declare
44. Cllr Ngxamile N.P.	03 August 2022	Nothing to declare
45. Cllr Bodoza B.	03 August 2022	Nothing to declare
46. Cllr Diani X.H.	12 August 2022	Nothing to declare
47. Cllr Dududmayo B.R.	12 August 2022	Nothing to declare
48. Cllr Ndzumo T.	11 August 2022	Nothing to declare
49. Cllr Zozi Z.	11 August 2022	Nothing to declare
50. Cllr Jam Jam M.A.	11 August 2022	Nothing to declare
51. Cllr Njovane S.	10 August 2022	Nothing to declare
52. Cllr Mapolisa Z.	10 August 2022	Nothing to declare
53. Cllr Mbunjana N.	30 June 2023	Nothing to declare
54. Cllr Tshotho G.	30 June 2023	Nothing to declare

APPENDIX K- REVENUE COLLECTION PERFORMANCE (BY VOTE AND SOURCE)

VOTE	DISCRIPTION	BUDGET	ACTUAL	% VARIANCE
Water and Sanitation Services	Service Charges	290 657 707	205 287 958	-29%
Budget and Treasury Office	Interest Received	30 000 000	57 780 406	93%

The water and sanitation services have been under collected by 29% whilst the interest on investments was positively collected at 93%

APPENDIX L- CONDITIONAL GRANTS RECEIVED (EXCLUDING MIG)

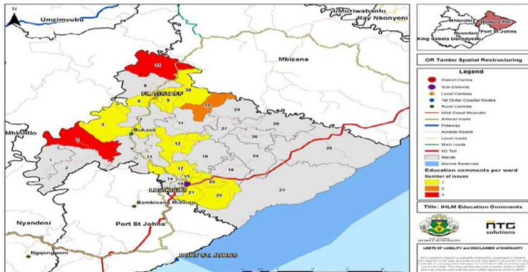
GRANT NAME	CURRENT YEAR RECEIPTS	AMOUNT SPENT	UNSPENT GRANT
Municipal Infrastructure Grant (MIG)	650,131,000.00	- 579,645,891.01	70,485,108.99
Water Services Infrastructure Grant (WSIG)	76,223,000.00	- 47,843,166.53	28,379,833.47
Regional Bulk Infrastructure Grant (RBIG)	100,000,000.00	- 89,906,404.01	10,093,595.99
Rural Roads Asset Management Systems Grant (RRAMS)	3,143,000.00	- 3,143,000.00	-
Expended Public Works Program (EPWP)	11,542,000.00	- 11,542,000.00	-
Municipal Disaster Relief Grant (MDRG)	46,872,000.00	- 43,839,488.30	3,032,511.70
Financial Management Grant (FMG)	2,000,000.00	- 2,000,000.00	-
	889,911,000.00	- 777,919,949.85	111,991,050.15

APPENDIX M, N & O - CAPITAL EXPENDITURE: NEW & UPGRADE RENEWAL PROGRAMMES: INCLUDING MIG & NEW

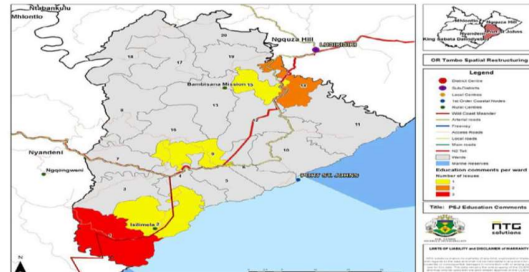
APPENDIX P - SERVICE CONNECTION BACKLOG AT SCHOOLS AND CLINICS

Education

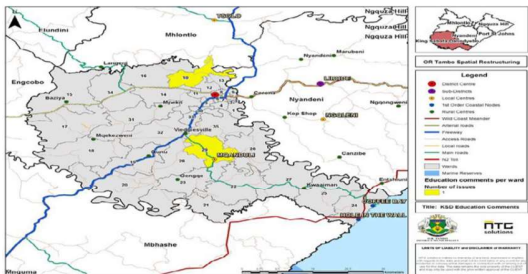
Ingquza Hill LM



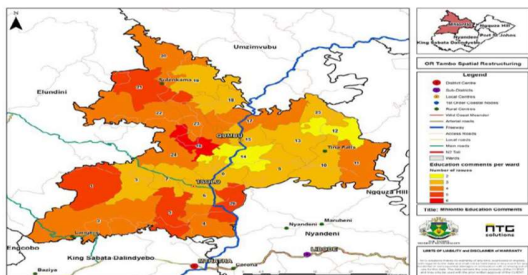
Port St Johns LM



King Sabata Dalindyebo LM

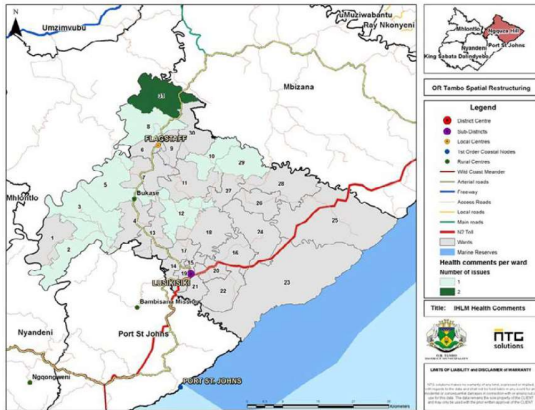


Mhlontlo LM

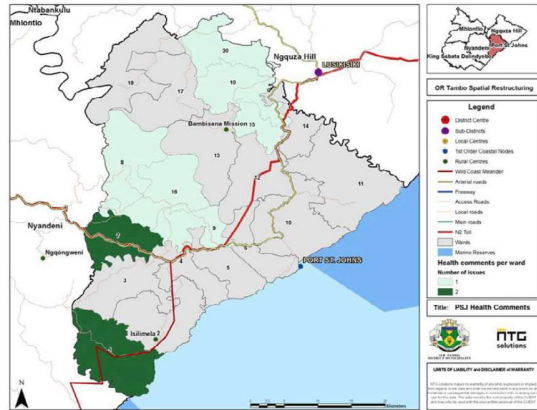


Health

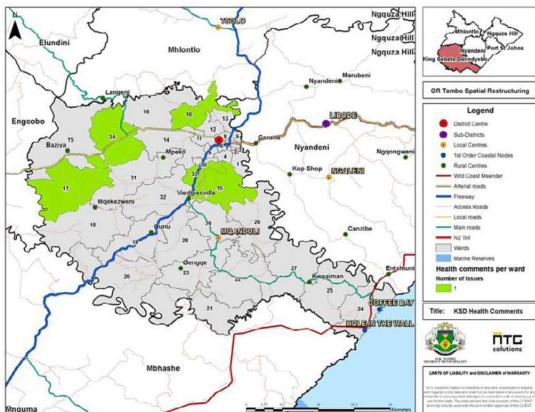
Ingquza Hill LM



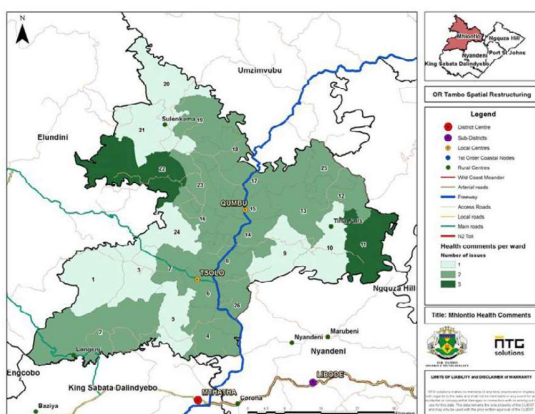
Port St Johns LM



King Sabata Dalindyebo LM



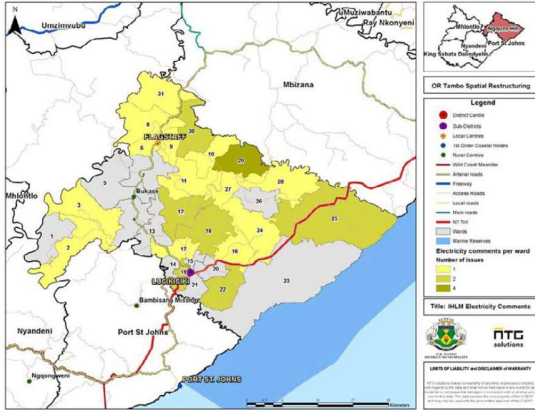
Mhlonlto LM



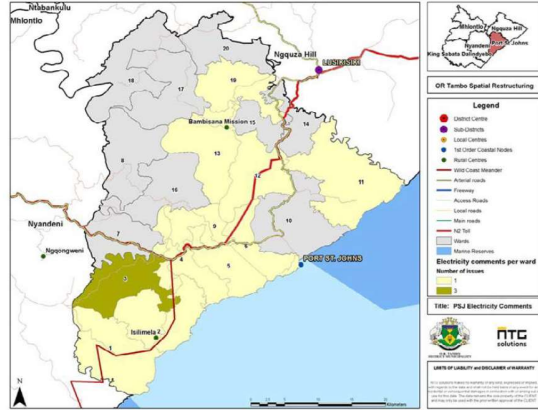
APPENDIX Q - SERVICE BACKLOG EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Electricity

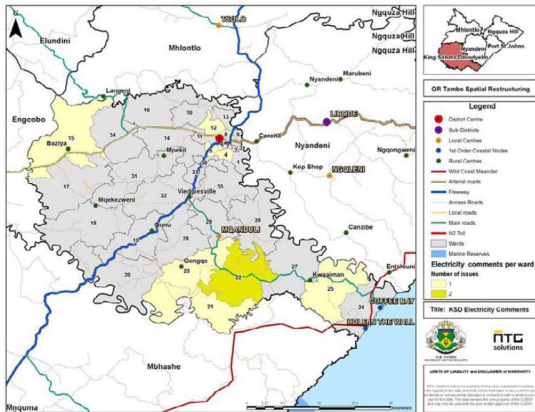
Ingquza Hill LM



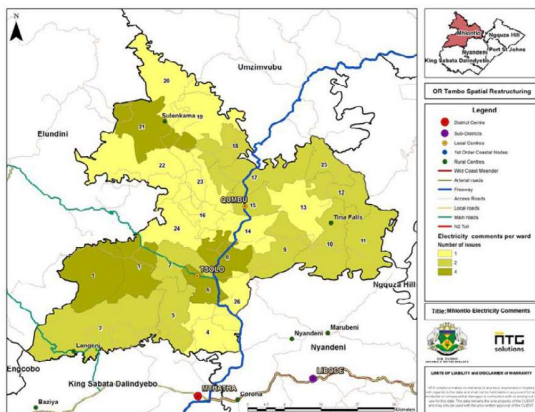
Port St Johns LM



King Sabata Dalindyebo



Mhlonlto LM



APPENDIX R- DECLARATIONS OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

The municipality did not make any loans out or provide grants to any organisations during the current financial year.

APPENDIX S- DECLARATION OF RETURNS NOT MADE IN DUE TIME MFMA S71

All Section 71 reports were submitted with 10 working days of the month as required by section s71 of the MFMA

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

OR Tambo District Municipality

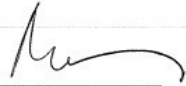
Unaudited Consolidated Annual Financial Statements for the year ended 30 June 2023

Members of the council

Vanda N.L.	ANC	No	Yes	
Vava K.	ANC	No	Yes	
Zondani V.B.	ANC	No	Yes	
Zozi Z.	ANC	Yes	No	Resigned, 31 May 2023 replaced by Cllr Tshotho on 30th June 2023

Certification of Councillors' Allowances and Benefits

I certify that the salaries, allowances and benefits of councillors as disclosed in note 29 to these Consolidated Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.



B.P. MASE
MUNICIPAL MANAGER
30 SEPTEMBER 2023

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL OF FINANCIAL STATEMENTS

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the Consolidated Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the Consolidated Annual Financial Statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and are given unrestricted access to all financial records and related data.

The Consolidated Annual Financial Statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

The Consolidated Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I, as the Accounting Officer, acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

I have reviewed the municipality's cash flow forecast for the year 2023/2024 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Consolidated Annual Financial Statements are prepared on the basis that the municipality is a going concern and that the OR Tambo District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality's Annual Financial Statements. The Annual Financial Statements have been examined by the municipality's internal auditors and their report is presented on page xx.

The Consolidated Annual Financial Statements set out on pages 6 to 79 which have been prepared on the going concern basis, were approved on 30 September 2023.



B.P. MASE
MUNICIPAL MANAGER
30 SEPTEMBER 2023

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	Economic Entity		Controlling Entity	
		2023	2022 Restated*	2023	2022 Restated*
CURRENT ASSETS					
Inventories	2	13 911 309	15 906 519	11 577 626	11 591 20
Receivables from Exchange Transactions	3	159 892 079	159 393 737	158 162 608	159 284 57
Receivables from Non-exchange Transactions	4	1 056 102	1 989 249	1 039 702	1 989 24
Prepayments	5	795 388	565 851	535 980	306 44
Statutory Receivables	6	51 182 085	64 883 116	51 182 085	64 883 11
Cash and Cash Equivalents	7	457 849 700	388 728 279	454 155 458	383 801 35
		<u>694 716 663</u>	<u>631 366 770</u>	<u>686 653 459</u>	<u>621 856 24</u>
NON-CURRENT ASSETS					
Property, Plant and Equipment	8	8 048 716 764	7 807 047 449	8 000 777 613	7 755 801 25
Intangible Assets	9	436 132	856 406	317 927	636 04
Heritage Assets	10	247 025	247 025	247 025	247 02
Biological Assets	11	13 752 164	14 567 854	-	-
		<u>8 063 132 115</u>	<u>7 822 718 754</u>	<u>8 001 342 565</u>	<u>7 756 684 33</u>
TOTAL ASSETS		<u>8 757 848 777</u>	<u>8 454 085 524</u>	<u>8 687 996 024</u>	<u>8 378 540 57</u>
CURRENT LIABILITIES					
Consumer Deposits	12	3 648 876	3 312 153	3 648 876	3 312 15
Employee Benefit Liabilities	13	85 004 213	106 576 220	80 007 890	100 914 75
Payables from Exchange Transactions	14	420 627 946	556 329 298	425 415 270	558 936 11
Payables from Non-exchange Transactions	15	46 368 491	39 191 567	45 921 476	38 744 59
Unspent Conditional Grants and Receipts	16	111 991 050	187 869 916	111 991 050	188 290 01
VAT Payable	17	14 892 454	13 502 173	-	-
Current Portion of Finance Lease Liabilities	18	3 493 045	2 481 182	3 342 973	2 413 90
		<u>685 906 075</u>	<u>909 262 499</u>	<u>670 327 535</u>	<u>892 581 52</u>
NON-CURRENT LIABILITIES					
Finance Lease Liabilities	18	2 651 045	1 705 452	2 446 018	1 705 45
Employee Benefit Liabilities	19	95 806 000	143 149 000	95 806 000	143 149 00
		<u>98 457 045</u>	<u>144 854 452</u>	<u>98 252 018</u>	<u>144 848 45</u>
TOTAL LIABILITIES		<u>784 363 139</u>	<u>1 054 130 950</u>	<u>768 579 553</u>	<u>1 037 419 97</u>
Net Assets		<u>7 973 485 638</u>	<u>7 399 954 574</u>	<u>7 919 416 471</u>	<u>7 341 120 59</u>
Accumulated surplus / (Deficit)	20	7 955 508 180	7 381 977 116	7 901 439 013	7 323 143 13
Revaluation Surplus	21	17 977 458	17 977 458	17 977 458	17 977 458
		<u>7 973 485 638</u>	<u>7 399 954 574</u>	<u>7 919 416 471</u>	<u>7 341 120 59</u>

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	Economic Entity		Controlling Entity	
		2023	2022 Restated*	2023	2022 Restated*
REVENUE					
Revenue from Exchange Transactions					
Service Charges	22	288 341 300	303 752 916	288 341 300	303 752 916
Rental of Facilities and Equipment	23	243 739	415 672	739	33 855
Interest Earned - External Investments	24	40 196 276	10 902 473	40 004 182	10 790 076
Interest Earned - Outstanding Debtors	24	41 602 138	32 877 677	41 602 138	32 877 677
Operational revenue	25	11 452 870	16 858 073	-	3 198 976
Income from Agency Services	26	251 948	367 018	176 050	203 152
Total revenue from exchange transactions		<u>382 087 671</u>	<u>365 173 829</u>	<u>370 124 409</u>	<u>350 856 652</u>
Revenue from Non-exchange Transactions					
Transfer revenue					
Transfers and Subsidies Received	27	1 831 280 743	1 524 718 664	1 831 280 743	1 524 718 664
Total revenue from non-exchange transactions		<u>1 831 280 743</u>	<u>1 524 718 664</u>	<u>1 831 280 743</u>	<u>1 524 718 664</u>
Total revenue		<u>2 213 368 414</u>	<u>1 889 892 493</u>	<u>2 201 405 152</u>	<u>1 875 575 316</u>
EXPENDITURE					
Employee Related Costs	28	(741 537 354)	(780 880 114)	(701 447 980)	(736 540 413)
Remuneration of Councilors and Board Members	29	(20 895 674)	(20 297 202)	(19 783 425)	(19 456 438)
Depreciation and Amortisation	30	(192 799 949)	(227 853 022)	(188 026 187)	(222 587 652)
Impairment Losses	31	(172 169 199)	(102 511 175)	(172 127 448)	(94 752 777)
Bad Debts Written off	32	(41 887 906)	(12 666 625)	(41 887 906)	(12 666 625)
Finance Costs	33	(25 986 117)	(23 404 240)	(24 600 422)	(23 294 074)
Contracted Services	34	(173 667 686)	(136 784 482)	(163 819 718)	(131 939 724)
Transfers and Subsidies	35	(106 705 771)	(50 358 798)	(161 517 079)	(100 585 573)
Inventory Consumed	36	(46 619 854)	(51 889 979)	(36 525 877)	(40 391 264)
Inventory Losses	37	(8 564 075)	(11 439 667)	(8 564 075)	(11 439 667)
Operational Costs	38	(192 870 323)	(214 442 767)	(186 810 420)	(206 806 123)
Total expenditure		<u>(1 723 705 908)</u>	<u>(1 632 528 071)</u>	<u>(1 705 104 537)</u>	<u>(1 600 460 325)</u>
Operating surplus		<u>489 662 506</u>	<u>257 364 422</u>	<u>496 300 615</u>	<u>275 114 991</u>
Gains / (Losses) on Disposal of Property, Plant and Equip	39	7 043	645 194	(2 208)	645 194
Reversal of Impairment	40	7 026 055	26 656	6 723 467	26 656
Actual Gain / (Loss)	41	75 274 000	13 844 000	75 274 000	13 844 000
Gains / (Losses) on disposal of Biological Assets		1 568 086	1 203 559	-	-
Biological Assets - Gains		374 374	5 716 732	-	-
Biological Assets - Losses		(381 000)	(450 180)	-	-
		<u>83 868 558</u>	<u>20 995 971</u>	<u>81 995 259</u>	<u>14 635 860</u>
Income tax		-	-	-	-
Surplus for the year		<u>573 531 064</u>	<u>278 360 393</u>	<u>578 295 874</u>	<u>289 650 851</u>

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated surplus	Revaluation surplus	Total net assets
Economic Entity				
Balance at 01 July 2021		6 629 550 989	-	6 629 550 989
Correction of errors	47	474 065 733	-	474 065 733
Restated* Balance at 01 July 2021		7 103 616 723	-	7 103 616 723
Restated* Surplus for the year		278 360 393	17 977 458	296 337 851
Audited Surplus for the year	47	289 602 071	17 977 458	307 579 529
Correction of errors	47	(11 241 678)	-	(11 241 678)
Restated* Balance at 30 June 2022		7 381 977 116	17 977 458	7 399 954 574
Surplus for the year		573 531 064	-	573 531 064
Increase in Revaluation Surplus		-	-	-
Balance at 30 June 2023		7 955 508 180	17 977 458	7 973 485 638
Controlling Entity				
Balance at 01 July 2021		6 567 831 083	-	6 567 831 083
Correction of errors	47	465 661 205	-	465 661 205
Restated* Balance at 01 July 2021		7 033 492 288	-	7 033 492 288
Restated* Surplus for the year		289 650 851	17 977 458	307 628 309
Audited Surplus for the year	47	304 559 364	17 977 458	322 536 822
Correction of errors	47	(14 908 513)	-	(14 908 513)
Restated* Balance at 30 June 2022		7 323 143 139	17 977 458	7 341 120 597
Surplus for the year		578 295 874	-	578 295 874
Increase in Revaluation Surplus		-	-	-
Balance at 30 June 2023		7 901 439 013	17 977 458	7 919 416 471

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
Cash flows from operating activities				
Receipts				
Service Charges	205 287 958	212 334 193	205 287 958	212 334 193
Interest Income	57 780 406	22 932 995	57 588 312	22 820 598
Operational receipts	10 617 695	16 931 916	513 512	3 053 408
Transfers and subsidies	1 753 185 509	1 583 550 316	1 754 812 241	1 585 487 923
	2 026 871 568	1 835 759 420	2 018 202 023	1 823 686 122
Payments				
Employee related costs	(754 379 956)	(777 477 081)	(711 922 420)	(733 588 694)
Remuneration of Councilors	(19 783 425)	(19 456 433)	(19 783 425)	(19 456 433)
Finance Costs	(6 004 117)	(7 218 240)	(4 614 422)	(7 108 074)
Supplies Paid	(329 445 896)	(32 848 982)	(305 865 060)	(16 827 729)
Other payments	(321 989 024)	(525 233 355)	(377 674 486)	(571 938 520)
	(1 431 602 418)	(1 360 234 071)	(1 419 863 813)	(1 348 919 250)
Net cash flows from operating activities	595 269 150	475 505 349	598 338 210	474 766 872
Cash flows from investing activities				
Purchase of property, plant and equipment	(521 207 610)	(491 428 376)	(519 633 747)	(491 302 262)
Proceeds on Disposal of Fixed Assets	176 780	6 441 097	-	5 184 857
Purchase of Biological assets	-	(218 347)	-	-
Proceeds on Disposal of Biological assets	2 985 624	264 291	-	-
Net cash flows from investing activities	(518 045 206)	(484 941 335)	(519 633 747)	(486 117 405)
Cash flows from financing activities				
Acquisitions of Finance Leases Liabilities	5 392 299	-	5 090 139	-
(Repayments) of Finance Lease Liabilities	(3 494 823)	(2 548 115)	(3 420 501)	(2 251 164)
Net cash flows from financing activities	1 897 476	(2 548 115)	1 669 638	(2 251 164)
Net increase/(decrease) in cash and cash equivalents	79 121 420	(11 984 101)	80 354 101	(13 601 697)
Cash and cash equivalents at the beginning of the year	388 728 278	400 712 379	383 801 357	397 403 054
Cash and cash equivalents at the end of the year	467 849 699	388 728 278	464 155 459	383 801 357

NR: Refer to note 65 for Cash flow workings.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
Statement of Financial Performance							
Revenue By Source							
Service charges - Water revenue	390 447 918	-	390 447 918	288 341 300	(102 106 618)	-26%	C01
Rental of fixed assets	3 294 792	(69 790)	3 225 002	243 739	(2 981 263)	-92%	C02
Interest earned - external investment	6 500 000	23 500 000	30 000 000	40 196 276	10 196 276	34%	C03
Interest earned - outstanding debts	20 750 000	-	20 750 000	41 602 138	20 852 138	100%	C04
Other revenue	140 652 817	-	140 652 817	95 953 776	(44 699 041)	-40%	C05
Transfers and subsidies	1 114 766 213	(141 128 000)	973 638 213	1 066 902 793	93 264 580	10%	C06
Total Revenue (excluding capital transfers and contributions)	1 696 411 740	(117 697 790)	1 578 713 950	1 533 240 022			
Expenditure By Type							
Employee Related Costs	(740 533 566)	-	(740 533 566)	(741 537 354)	1 003 788	0%	C07
Remuneration of Councilors	(24 229 363)	(100 000)	(24 329 363)	(20 893 674)	(3 435 689)	-14%	C08
Depreciation and Amortisation	(190 461 137)	20 000 000	(170 461 137)	(192 799 949)	22 338 812	-13%	C09
Impairment Losses	(120 290 211)	15 000 000	(105 290 211)	(214 057 103)	108 766 894	-103%	C10
Finance Costs	-	-	-	(25 988 117)	25 988 117	-100%	C11
Contracted Services	(95 412 531)	(41 445 451)	(136 857 982)	(173 667 686)	36 809 704	-27%	C12
Transfers and subsidies	(88 773 215)	(880 516)	(89 653 731)	(106 705 771)	47 052 040	-79%	C13
Inventory Consumed	(68 244 694)	-	(68 244 694)	(46 619 854)	(21 624 840)	32%	C14
Inventory Losses	(109 262)	-	(109 262)	(8 544 073)	8 434 793	-100%	C15
Operational Expenses	(153 741 009)	(44 260 748)	(198 001 757)	(193 251 223)	(6 750 434)	3%	C16
Total expenditure	(1 451 795 009)	(53 686 715)	(1 505 481 723)	(1 724 086 908)			
Surplus / (Deficit)	244 616 732	(171 384 505)	73 232 227	(190 846 886)			
Transfers and subsidies - Capital	1 031 274 000	(153 777 000)	877 497 000	764 377 950	113 119 050	13%	C17
Surplus for the year	1 275 890 732	(325 161 505)	950 729 227	573 531 064			

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
ASSETS							
CURRENT ASSETS							
Cash	128 712 502	23 500 000	152 212 502	285 790 340	(133 577 838)	-88%	D01
Call investment deposits	23 201 410	-	23 201 410	182 059 360	(158 857 950)	-685%	D01
Consumer debtors	234 259 490	-	234 259 490	159 892 079	(74 367 411)	32%	D02
Inventories	11 524 721	-	11 524 721	13 911 309	(2 386 588)	-21%	D03
Other debtors	206 708 116	-	206 708 116	53 043 575	(153 664 541)	-74%	D04
Total current assets	406 406 439	23 500 000	429 906 439	694 716 663	(46 810 224)		
NON-CURRENT ASSETS							
Property, Plant and Equipment	6 341 787 079	(625 934 128)	5 735 852 951	8 048 716 764	(2 312 863 813)	-40%	D05
Intangible Assets	10 405 770	300 000	10 705 770	436 162	(10 269 608)	-96%	D06
Other non-current assets	6 322 534	-	6 322 534	13 979 189	(7 656 655)	-121%	D07
Total non current assets	6 378 515 383	(625 634 128)	5 752 881 255	8 063 132 115	(2 310 250 859)		
TOTAL ASSETS	6 984 921 822	(602 134 128)	6 382 787 494	8 757 848 777	(2 375 061 083)		
CURRENT LIABILITIES							
Consumer Deposits	4 167 436	-	4 167 436	3 648 876	518 560	12%	D08
Trade and other payables	340 625 825	(294 501 977)	46 123 848	485 241 936	(439 118 088)	-92%	D09
Unspent Conditional Grants and Receipts	-	-	-	111 991 000	(111 991 000)	-100%	D10
Provisions	294 516 652	-	294 516 652	85 004 213	(209 512 439)	-100%	D11
Total current liabilities	639 309 913	(294 501 977)	344 807 936	685 904 075	(41 096 139)		
NON-CURRENT LIABILITIES							
Finance Lease Liabilities	-	-	-	2 451 065	(2 451 065)	-100%	D09
Provisions	-	-	-	95 806 000	(95 806 000)	-100%	D11
TOTAL LIABILITIES	639 309 913	(294 501 977)	344 807 936	784 363 139	(439 555 203)		
NET ASSETS	6 345 611 909	(307 632 151)	6 037 979 758	7 973 485 638	(1 935 505 880)		
Accumulated surplus / (Deficit)	6 340 793 946	426 346 719	6 767 140 665	7 955 508 180	(1 188 367 515)	-17%	
Revaluation Surplus	-	-	-	(17 977 458)	(17 977 458)	-100%	D12
6 340 793 946	426 346 719	6 767 140 665	7 973 485 638	(1 186 344 973)			

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts	Variance	% Var.
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service Charges	290 657 707	-	290 657 707	205 287 958	85 369 749	-29% E01
Transfers and subsidies	1 044 816 000	-	1 044 816 000	1 753 185 509	(708 369 509)	-68% E02
Interest Income	6 500 000	23 500 000	30 000 000	57 780 406	(27 780 406)	-93% E03
Other receipts	1 179 728 045	-	1 179 728 045	10 617 495	1 169 110 550	-99% E04
	2 521 701 752	23 500 000	2 545 201 752	2 026 871 548	518 330 184	
Payments						
Supplies and employees	(1 278 375 382)	-	(1 278 375 382)	(1 425 598 301)	147 222 919	-12% E05
Finance Costs	-	-	-	(6 004 117)	6 004 117	-100% E06
	(1 278 375 382)	-	(1 278 375 382)	(1 431 602 418)	153 227 036	
Net cash flows from operating activities	1 243 326 370	23 500 000	1 266 826 370	595 269 150	671 557 220	
Cash flows from investing activities						
Purchase of property, plant and equipment	(1 104 347 034)	-	(1 104 347 034)	(521 207 610)	(583 139 424)	-53% E07
Proceeds from sale of Assets	217 442	397 535	614 976	176 760	(438 196)	-71% E08
Proceeds on Disposal of Biological assets	5 252 616	(5 252 616)	-	2 985 624	2 985 624	100% E09
Net cash flows from investing activities	(1 098 876 976)	(4 855 081)	(1 103 732 058)	(518 405 204)	(580 591 994)	
Cash flows from financing activities						
(Repayments) / Acquisitions of Long term loans	-	-	-	5 392 299	(5 392 299)	100% E10
(Repayments) of Finance Lease Liabilities	-	-	-	(3 494 823)	3 494 823	-100% E10
Net cash flows from financing activities	-	-	-	1 897 476	(1 897 476)	
Net Increase/(decrease) in cash and cash equivalents	144 449 394	18 644 919	163 094 312	79 121 420	89 067 747	
Cash and cash equivalents at the beginning of the year	36 400 000	-	36 400 000	388 738 278	(352 128 278)	-96%
Cash and cash equivalents at the end of the year	181 049 394	18 644 919	199 694 312	467 849 698	(263 060 531)	

STATEMENT OF FINANCIAL PERFORMANCE

C01	Service Charges - The variance is due to delays in the implementation of peri-urban billing which was planned for the current year.
C02	Rental of fixed assets - The variance is mainly due to Ntingo's budget revenue from rental facilities included under operating income.
C03	Interest earned - external investments - The variance is due to the delayed grant expenditure on capital grants during the year which results in more funds available for investments with an intention of earning interest.
C04	Interest earned - outstanding debtors - The increase in interest on debtors is attributed to non-payment of outstanding accounts by debtors.
C05	Operational revenue - (1) In the budget, VAT refunds relating to expenditure of Conditional grants was classified as operational revenue while in the GL and AFS VAT refunds are included in the transfers and subsidies as conditional grant revenue recognised. (2) In the budget, income from Agency Services, Actual grants and Renewal of Impairment are included under Operational Revenue while in the GL and AFS this items is disclosed separately. The variance is mainly due to VAT actual refunds.
C06	Transfers and subsidies - The variance was due to reduction of budget during budget adjustment subsequent to the rejection of roll-overs.
C07	Employee Related Costs - The variance in employee costs is less than 5% and is regarded as immaterial.
C08	Remuneration of Councilors - The budget amount took into account a projected increment of 4.8 % pending the expected upper limit for councilors to be issued by Cough. For the year, no annual increase of Councilor remuneration have been effected as the new upper limit were not available till the end of the financial year.
C09	Depreciation and amortisation - The increase was mainly due to adjustment of infrastructure assets with completed assets subsequent to the WIP register clean-up conducted during the current year.
C10	Impairment losses - The budget for impairment includes Debtors Impairment, Bad Debts Written-off and Asset Impairment. The variance is mainly due to increase in impairment provision for outstanding debtors as a result of non-payment.
C11	Finance costs - The interest cost relating to post employee benefits was budgeted for under Employee related cost while the interest paid on overdue accounts which was not budgeted for, refer to note 33 for more detail.
C12	Contracted Services - The variance is mainly due increase in repairs and maintenance.
C13	Transfers and Subsidies - The variance was mainly due to increase in free basic water provided by the municipality and expenditure for VP toilets.
C14	Inventory Consumed - (1) The budget for Inventory Consumed includes budget for Inventory Losses and Bulk purchases. The variance is mainly due to bulk purchases recorded in Inventory in the GL and AFS.
C15	Inventory Losses - Management anticipated amount of Inventory losses during budgeting.
C16	Operational Costs - budget for Operational cost includes operational costs, losses on disposal of assets and Actual Grants / (Losses). The variance is immaterial.
C17	Transfers and subsidies - The variance in transfers and subsidies can be attributed to unspent grants.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts	Variance	% Var.
STATEMENT OF FINANCIAL POSITION						
001	Cash - Variance is mainly due to unspent conditional grants at year end.					
002	Consumer debtors - The variance was mainly due to impairment loss effected against debtors and judgment debtors written-off.					
003	Inventory - The variance is mainly attributed to less purchases of inventory materials due withholding of grants.					
004	Other debtors - This line item includes VAT, prepayments and other debtors. The variance is mainly due to less amount of outstanding VAT as a result of less expenditure on capital grants.					
005	Property Plant and Equipment - Variance is mainly due to (1) downward adjustment of capital budget due slow pace of spending, (2) the opening balance of PPE in the budget was under estimated.					
006	Intangible Assets - Certain solar system modules planned to be purchased during the current year were not purchased.					
007	Other non-current assets - Include Heritage and Biological Assets. During budgeting period Ntingo planned to dispose low cattle and estimated livestock value downwards and that resulted in reduced budget.					
008	Consumer Deposits - Variance is mainly due to delayed implementation of peri-urban billing.					
009	Trade and other payables - This item includes trade creditors, Providers and Finance lease obligation. The increase mainly due to defined benefit obligation provisions which were not included in budget.					
010	Unspent Conditional Grants - Not budgeted for as the municipality was not anticipating under-expenditure.					
011	Provisions - This line item includes both long and short term portion of post employment benefits. The actual balance was much lesser than budgeted for, management to ensure a more realistic budget in future.					
014	Revaluation Surplus - The municipality was not expecting revaluation surplus during the time of budgeting.					
CASH FLOW STATEMENT						
001	Service Charges - Actual collections on water and sanitation services were less than budgeted for due to non-payment by debtors and delays in the implementation of peri-urban.					
002	Transfers and subsidies - The increase was mainly due to additional grants received for disaster relief and a portion of Transfers and Subsidies budget included in Other receipts.					
003	Interest Received - The variance is due to delays in grant expenditure resulting in more funds available for investment.					
004	Other Receipts - Variance was mainly due to a portion of Transfers and Subsidies budget included in Other receipts resulting in variance in both items.					
005	Supplies and employees - The municipality paid more than expected due to prior year accruals paid in the current year.					
006	Finance Costs - Not budgeted for.					
007	Purchase of property plant and equipment - Underpending is mainly due to delays in spending of capital grants.					
008	Proceeds from sale of Assets - The parent municipality did not dispose assets during the budgeting period.					
009	Proceeds from sale of Biological Assets - The municipality did not anticipate the sale of asset during the budgeting period.					
010	Finance Leases - The budget for finance lease was only accommodated in the expenditure side.					

EXPLANATIONS FOR MATERIAL BUDGET ADJUSTMENTS

C02	Rental of fixed assets was adjusted downwards by R69 790.00 because the council took a decision to stop hiring out the hall.
C03	The interest received was adjusted upwards by R23 500 000.00 due to overperformance of mid-term resulting from the investing on high earning investments.
C04	Transfers and Subsidies were adjusted downwards by a net amount of R141 128 000.00 being a reduction of R188 000 000 being unspent conditional grants (rollover from 2021-2022 that was not approved and an increase of R46 872 000.00 for the additional funding for the Municipal Disaster Relief Grant that was appropriated through a special budget adjustment.
C08	The depreciation budget was adjusted downwards by R20 000 000.00 as the municipality had to cut its expenditure downwards because of reduction of equitable share because of unspent conditional grants of R188 000 000 from 2021-2022 that were not approved as rollovers.
C09	The impairment loss budget was adjusted downwards by R15 000 000.00 as the municipality had to cut its expenditure downwards because of reduction of equitable share because of unspent conditional grants of R188 000 000 from 2021-2022 that were not approved as rollovers.
C12	Contracted services were adjusted upwards by R41 445 451.00 as there was a need to increase the budget during the adjustment budget.
C13	Transfers and Subsidies were adjusted upwards by R880 516.00 as there was a need to increase the budget because of the performance of matters.
C14	Operational Expenses were adjusted upwards by R46 260 748.00 as there was a need to increase the budget so as to provide for operational expenses until the end of the financial year.
C17	Transfers and Subsidies - Capital were adjusted downwards by a net amount of R153 777 000.00 being a reduction because of the adjustment government gazette no 48307 in terms of section 18 and 19 of the DoBS, MIG adjusted downwards by R80 000 000.00, BSG adjusted downwards by R100 000 000.00 and WSG adjusted upwards by R26 223 000.00.
001	Cash was adjusted upwards by R23 500 000.00 because of the anticipated inflow of cash because of increase in interest from investments.
006	Property plant and Equipment was adjusted downwards by R625 934 128.00 because of adjustments that were required because of the reduction of transfers and subsidies capital and other adjustments.
009	Trade and other payables was adjusted downwards by R294 501 977.00 because some of the creditors were paid through accruals.

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Accounting Policies

1. Presentation of consolidated annual financial statements

The consolidated annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), as approved by the Minister of finance, including any interpretations, guidelines and directives issued by the Accounting Standard Board and the Municipal Finance Management Act (Act 56 of 2003). The consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except where indicated otherwise. They are presented in South African Rand.

1.1 Changes in Accounting policy and comparability

Accounting policies have been consistently applied unless it has been indicated otherwise. For the years ended 30 June 2023 and 30 June 2022 the municipality adopted the framework as set out in paragraph 1 above. The details of any resulting changes in Accounting policy and comparative restatements are set out below and in the relevant notes to the consolidated annual financial statements.

Where a standard of GRAP is approved and effective, it replaces the equivalent of International Public sector accounting Standard, International Financial Reporting Standards or SA Generally accepted Accounting Practice. Where a standard of GRAP has been issued but is not yet effective, the municipality may select to apply the principles established in that standard in developing appropriate Accounting Policies, Changes in Accounting

1.2 Critical Judgement, Estimates and Assumptions

In the application of the municipality's Accounting policies, which are described below, management is required to make judgments, estimates and assumptions about the carrying amounts and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years.

The following are the critical judgments and estimates that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the consolidated annual financial statements:

Revenue Recognition

Accounting policy 1.13 on revenue from exchange transactions and Accounting policy 1.15 on revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from exchange transactions) and GRAP 23 (Revenue from non-exchange transactions). As far as Revenue from Exchange transactions is concerned, management considers whether the municipality when goods are sold had transferred the significant risks and rewards of ownership of the goods and when service is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that the revenue in the current year is appropriate.

Financial Assets and liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement. Accounting Policy 1.13 on Financial Assets Classification and Accounting Policy 1.13 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 (Financial Instruments).

Impairment of Financial Assets

Accounting policy 1.12 on impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial assets recorded during the year is appropriate

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Consolidated Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.2 Critical Judgement, Estimates and Assumptions (continued)

Fair Value Estimations

As described in Accounting policy 1.11 the municipality subsequently measures its Biological assets in terms of the fair value model.

The valuation of assets are based on management's estimation. Management considered the impact of valuation techniques and market information in order to determine the valuations, and more specific as follows:

Biological Assets

The fair value less estimated point-of-sale costs used to value Biological assets requires management to make certain assumptions which are subject to change. The current assumptions are as follows:

- Cattle are valued at the prevailing market rates, as determined by breed, genetic, merit and age, less point-of-sale costs.

- Fruit trees, harvest and vegetables are valued by way of arms' length transaction that would have been applied / prevailing in replacing the existing fruit trees, harvest and vegetables with new fruit trees, harvest and vegetables.

Useful lives of Property, Plant and Equipment and Intangible assets

As described in Accounting policies 1.8.3 and 1.9.1, the municipality depreciates its Property, Plant and Equipment (excluding land) and amortises its Intangible assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of the assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on the management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Impairment: Write-down of Property, Plant and Equipment, Intangible Assets

Accounting policy 1.12 on impairment of assets, Accounting policy 1.9.1 on intangible assets - Subsequent measurement, amortisation and impairment and Accounting policy 1.14 on inventory - Subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash generating assets) and GRAP 26 (Impairment of Cash generating assets).

Estimated impairments during the year to Inventory, Property, Plant and Equipment Intangible assets and Heritage assets are disclosed in notes 2, 8, 9 and 10 to the Consolidated Annual Financial statement if applicable.

Water inventory

The estimation of Water inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the capacity of the reservoir. Furthermore, the length and width of all pipes are taken into account in determining the volume of the water on hand at year-end.

Defined benefit Plan liabilities

As described in Accounting Policy 1.17 employee benefits - Post-employment benefits municipality obtains actuarial valuations of its Defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are post-retirement Health benefit obligations and Long-service awards. The estimated liabilities are recorded in accordance with the requirement of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant notes to the consolidated annual financial statements.

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Consolidated Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Provisions and Contingent liabilities

Managements judgement is required when recognising and measuring provisions and when measuring Contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Budget Information

Deviations between the budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the notes to the consolidated annual financial statements.

1.3 Presentation currency

These consolidated annual financial statements are presented in South African Rand, rounded of to the nearest Rand which is the functional currency of the municipality.

1.4 Going concern assumption

Notwithstanding the unfavourable current ratio of the municipality for both current and the prior year, these consolidated annual financial statements have been prepared on a going concern basis due to the legislative nature of the municipality.

1.5 Offsetting

Assets, Liabilities Revenues and Expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

1.4 Standards, Amendments to standards and interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 1 - Presentation on Financial Statements (Amendments)
- GRAP 103 - Heritage Assets (Amendments)
- GRAP 104 - Financial Instruments (Amendments)
- IGRAP 1 - Applying The Probability Test On Initial Recognition Of Revenue
- IGRAP 7 - Limit on a Defined Benefit Asset Min Fund Requirement and Interact
- IGRAP 21 - The Effect of Past Decisions on Materiality

The ASB Directive 5, paragraph 30, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

1.7 Net Assets

Included in the Net assets of the municipality are the following reserves that are maintained in terms of specific requirements:

- Accumulated Surplus
- Revaluation Surplus

1.8 Property, plant and equipment

1.8.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and the cost of the item can be measured reliably.

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Accounting Policies

1.4 Standards, Amendments to standards and interpretations issued but not yet Effective (Continued)

Property, plant and equipment is initially recognised at cost on its acquisition date or in the case of assets acquired by donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.8.2 Subsequent Measurement

Property, Plant and Equipment, excluding Buildings and Land

All property plant and equipment are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses. Subsequent expenditure relating to the property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Land and Buildings

Land and Buildings are revalued on five year intervals and carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

1.8.3 Depreciation

Depreciation on assets other than land is calculated on cost using the straight-line method, to allocate their cost amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost significant in relation to the cost item is depreciated separately.

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Accounting Policies

1.8.3 Depreciation (Continued)

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Item	Depreciation method	Average useful life
Buildings - Improvements	Straight line	10 - 80 years
Plant and machinery	Straight line	2 - 20 years
Furniture and fittings	Straight line	5 - 20 years
Transport Assets	Straight line	5 - 15 years
Office equipment	Straight line	5 - 20 years
IT equipment - Computer Equipment	Straight line	1 - 5 years
Infrastructure		
□ Roads and Paving	Straight line	5 - 67 years
□ Sewerage	Straight line	5 - 100 years
□ Storm Water	Straight line	7 - 100 years
□ Water	Straight line	5 - 76 years
Emergency equipment	Straight line	5 - 10 years
Specialist Vehicles	Straight line	10 - 15 years
Bins and Containers	Straight line	5 years

The assets' residual values, estimated useful lives and depreciation methods are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectation differ from the previous estimate.

1.8.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

1.8.5 Infrastructure

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

1.8.6 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

1.8.7 Leased assets

Assets capitalised under finance lease are depreciated over their expected useful lives on the same basis as property, plant and equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1.8.8 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains are classified as revenue

Gains or losses are calculated as difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposal and are included in the Statement of Financial Performance as gain or loss on disposal of property, plant and equipment. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

1.9 Intangible assets

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is possible that the expected future economic benefits or service potential that attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of the new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- It is technically feasible to complete the asset so that it will be available for use.
- Management intends to complete the intangible asset and use or sell it
- There is an ability to use or sell the intangible asset.

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Consolidated Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Intangible assets (Continued)

- It can be demonstrated how the intangible asset will generate probable future economic benefits.
 - Adequate technical, financial and other resources to complete the development and use or sell the intangible asset are available; and,
 - The expenditure attributable to the asset during its development can be measured reliably.
- Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 and GRAP 26.

Intangible assets are initially recognised at cost. The cost of an intangible asset is purchase price and other costs attributed to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at not cost, or for a nominal cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. The cost of an intangible asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could be measured at its value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.9.1 Subsequent Measurement, Amortisation and Impairment

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives. The residual value of intangible assets with finite lives is zero, unless an active market exists. Where intangible assets are deemed to have indefinite useful lives, such intangible assets are not amortised, however, such intangible assets are subject to an annual impairment test. Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

Item	Depreciation method	Average
Computer software	Straight line	4 - 10 years

Intangible assets are annually tested for impairment as described in Accounting Policy 1.12 on impairment of assets, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

1.9.2 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the proceeds of disposal and the carrying value, and is recognised in the Statement of Financial Performance.

1.10 Heritage assets

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations. Heritage Assets are not depreciated owing to uncertainty regarding their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

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Accounting Policies

1.10.1 Initial Recognition

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably. Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

1.10.2 Subsequent Measurement

All Heritage Assets are subsequently measured at cost, less accumulated impairment losses. Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

1.10.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

1.11 Biological assets that form part of an agricultural activity

A Biological Asset is defined as a living animal or plant. Agricultural Produce is the harvested product of the municipality's Biological Assets.

1.11.1 Initial Recognition

The cost of an item of Biological Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably. Biological Assets are initially recognised at fair value less cost to sell on its acquisition date. The fair value of an item of Biological Assets is the transaction price or the market price.

Agricultural Produce is initially recognised at fair value less costs to sell at the date of the harvest. The municipality applies the measurement methods as described in Accounting Policy 1.14 on Inventories.

1.11.2 Subsequent Measurement

Subsequently all Biological Assets are measured at fair value less cost to sell on the reporting date. The fair value of an item of Biological Assets is the transaction price or the market price.

A gain or loss arising from the initial recognition of an item of Biological Assets at fair value less cost to sell and from a change in fair value at the reporting date shall be recognised in the Statement of Financial Performance.

A gain or loss arising from the initial recognition of an item of Agricultural Harvest at fair value less estimate point of sale cost at the date of the harvest shall be recognised in the Statement of Financial Performance.

1.11.3 Derecognition

The carrying amount of an item of Biological Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Biological Assets is included in the Statement of Financial Performance when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (at fair value) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Biological Assets.

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Consolidated Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.12 Impairment of Assets

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets. No assets are currently classified as cash generating assets.

1.12.1 Impairment of cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

1.12.2 Impairment of Non-Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset. An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

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Accounting Policies

1.13 Financial instruments

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument. The municipality does not offer a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

Financial Assets - Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard: Financial Assets measured at Amortised Cost are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

Financial Assets measured at Fair Value are financial assets that meet either of the following conditions:

- (i) Derivatives;
 - (ii) Combined instruments that are designated at fair value;
 - (iii) Instruments held for trading;
 - (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.
- Financial Assets measured at Cost are investments in residual interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Classification

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset

Receivables from Exchange Transactions
Receivables from Non-exchange Transactions
Bank, Cash and Cash Equivalents - Call Deposits
Bank, Cash and Cash Equivalents - Bank
Bank, Cash and Cash Equivalents - Cash

Classification in terms of GRAP 104

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

Cash includes cash-on-hand and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

Financial Liabilities

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity. There are two main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- (i) Financial Liabilities measured at amortised cost
- (ii) Financial Liabilities measured at cost

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

OR Tambo District Municipality

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Accounting Policies

1.13 Financial instruments (continued)

Type of Financial Liability

Long-term Liabilities
Payables from Exchange Transactions
Payables from Non-exchange Transactions
Current Portion of Long-term Liabilities
Consumer Deposits

Classification in terms of GRAP 104

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Initial and Subsequent Measurement

Financial Assets

Financial assets measured at Amortised cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

Impairment Financial assets

Financial Assets, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

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Accounting Policies

1.13 Financial Instruments (continued)

Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire. The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.14 Inventories

Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labor, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired. Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Subsequent Measurement

-Consumable Stores, Raw Materials, Work-in-Progress and Finished goods

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on inventory in the ordinary course of business). The cost is determined using the First-in-First-out Method for cost of commodities.

-Water Inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position. The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are valued by using the First-in-First-out Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

-Other Inventories

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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Accounting Policies

1.15 Revenue Recognition

General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from Exchange Transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable. Revenue from Non-exchange Transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue from Exchange Transactions

Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in areas by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property. In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Rentals Received

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the time-proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

□ Interest earned on unutilised Conditional Grants is allocated directly to the creditor. Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.

Revenue from Agency Services

Revenue from agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

OR Tambo District Municipality

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Accounting Policies

1.15 Revenue Recognition (Continued)

Sale of Goods

- Revenue from the sale of goods is recognised when all the following conditions have been met:
- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
 - (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - (c) The amount of revenue can be measured reliably;
 - (d) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (e) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- (f) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations 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 criteria, conditions or obligations 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 and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations 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 criteria, conditions or obligations 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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable. Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

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Accounting Policies

1.14 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

1.17 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs. The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Post-employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

Defined contribution plans

A Defined Contribution Plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A Defined Benefit Plan is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

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Accounting Policies

1.17 Employee benefits (continued)

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance. Past-service costs are recognised immediately in the Statement of Financial Performance.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

Where applicable the municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance. Past-service costs are recognised immediately in the Statement of Financial Performance.

NB: The municipality currently does not have any employees that fall under Defined Benefit Pension Plan

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Accounting Policies

1.18 Leases

Classification

Leases are classified as Finance Leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as Operating Leases.

The Municipality as lessee

Finance leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Determining whether an Arrangement contains a lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

1.19 Grants-in-Aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

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Accounting Policies

1.20 Value Added Tax

Value Added Tax assets and liabilities

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value Added Tax Act (Act No 89 of 1991).

1.21 Unauthorised expenditure

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Material Losses

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities. Due to their significance, the complete calculation of water losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-in-First-Out Method as defined by GRAP 12 (Inventories)

1.25 Prior period errors, Changes in accounting policies and estimates

Correction of prior period errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of correction of prior period errors are disclosed in the Notes to the consolidated annual financial statements where applicable.

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of changes in accounting policies are disclosed in the Notes to the consolidated annual financial statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the consolidated annual financial statements where applicable.

1.26 Treatment of Administration and Overhead expenses

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1.27 Contingent Assets and Contingent Liabilities

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the consolidated annual financial statements.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.28 Commitments

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the consolidated annual financial statements.

Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

1.29 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councilors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.30 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the consolidated annual financial statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the consolidated annual financial statements.

Adjusting Events

The municipality shall adjust the amounts recognised in its financial statements to reflect the following adjusting events after the reporting date:

- The settlement after the reporting date of a court case that confirms that the municipality had a present obligation at the reporting date
- The receipt of information after the reporting date indicating that an asset was impaired at the reporting date, or that the amount of a previously recognised impairment loss for that asset needs to be adjusted
- The determination after the reporting date of the cost of assets purchased, or the proceeds from assets sold, before the reporting date
- The determination after the reporting date of the amount of revenue collected during the reporting period to be shared with another entity under a revenue sharing agreement in place during the reporting period.
- The determination after the reporting date of the amount of bonus, incentive and performance related payments to be made to staff if the entity had a present legal or constructive obligation at the reporting date to make such payments as a result of events before that date

Non-Adjusting Events

An entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

- Where an entity has adopted a policy of regularly revaluing property to fair value, a decline in the fair value of property between the reporting date and the date when the financial statements are authorised for issue.
- Where an entity charged with operating particular community service programmes decides after the reporting date, but before the financial statements are authorised, to provide or distribute additional benefits directly or indirectly to participants in those programmes.

1.31 Comparative figures

Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the consolidated annual financial statements.

Prior Year Comparatives

When the presentation or classification of items in the consolidated annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.31 Comparative figures (Continued)

Budget information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these consolidated annual financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the consolidated annual financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2021 to 30 June 2023.

1.32 Statutory Receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means; and require settlement by another entity in cash or another financial asset.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23; or
- if the definition of an asset is met

Measurement

Statutory receivables are measured initially at their transaction amount, using the prescripts of legislation, regulations or an equivalent. The transaction amount is adjusted in subsequent reporting periods to accrue for any interest or other charges that an entity levies (if required or permitted to do so in legislation or similar means) and, to account for any impairment losses or any amounts derecognised.

Subsequent measurement

Subsequent to initial recognition statutory receivables are measured using the cost method. Initial measurement of the receivable is changed to reflect any interest or other charges that may have accrued on the receivable, impairment losses and amounts derecognised.

Derecognition

Municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognises the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

1.33 Principal and Agents Related transactions

The municipality shall determine whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Recognising revenue and expenses as a principal or an agent

When the municipality determines that it is a principal in accordance with GRAP 109, it shall account for revenue and expenses arising from the transactions with third parties in its statement of financial performance. When it determines that it is an agent, it recognises the revenue and expenses associated with undertaking the transactions on behalf of the principal.

Recognising assets and liabilities as a principal or an agent

Whether the municipality is a principal or an agent, it applies the principles in the applicable Standards of GRAP in recognising assets and liabilities arising from a principal-agent arrangement.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.34 Construction Contracts

A contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Recognition of contract revenue and expenses

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue, if any, can be measured reliably;
- it is probable that the economic benefits or service potential associated with the contract will flow to the entity;
- both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

In the case of a cost plus or cost based contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- it is probable that the economic benefits or service potential associated with the contract will flow to the entity; and
- the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

Contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

1.35 Segment Reporting

Recognition

A segment is an activity of the municipality:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same municipality);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

Two or more segments may be aggregated into a single segment if aggregation is consistent with the objective of this Standard and the segments have similar economic characteristics, and the segments share a majority of the following:

- (a) the nature of the goods and/or services delivered;
- (b) the type or class of customer or consumer to which goods and services are delivered;
- (c) the methods used to distribute the goods or provide the services; or
- (d) if applicable, the nature of the regulatory environment that applies to the segment

Measurement

The amount of each segment item reported shall be the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

1.34 Separate Financial Statements

Separate financial statements are those presented by an entity, in which the entity could elect, subject to the requirements in this Standard, to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the Standard of GRAP on Financial Instruments (GRAP 104) or using the equity method as described in the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 94)

OR Tambo DM, which is a controlling entity for Hinga OR Tambo Development Agency shall present consolidated financial statements, except when all the following conditions are met:

- OR Tambo DM is itself a controlled entity
- its debt or equity instruments are not traded in a public market
- it did not file, nor is it in the process of filing, its financial statements with a securities commission
- its ultimate or any intermediate controlling entity produces financial statements

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.37 Consolidated Financial Statements

OR Tambo DM is a controlling entity that fully owns Hittinga Development Agency and shall present consolidated financial statements. OR Tambo DM does not need to present consolidated financial statements when it meets all the following conditions:

- it is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated financial statements, and, in the case of a partially owned controlled entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not presenting consolidated financial statements;
- its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- its ultimate or any intermediate controlling entity produces financial statements that are available for public use and comply with the Standards of GRAP, in which controlled entities are consolidated or are measured at fair value in accordance with this standard.

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Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
2. Inventories				
Consumable stores	12 162 626	11 593 085	11 452 088	11 468 750
Water	125 538	122 455	125 538	122 455
Livestock	1 239 570	9 516 400	-	-
Merchandise (Meat)	82 294	119 877	-	-
Crops	301 281	160 702	-	-
	<u>13 911 309</u>	<u>15 806 519</u>	<u>11 577 626</u>	<u>11 591 205</u>
Movement in water inventory				
Opening Balance	122 452	144 861	122 452	144 861
Bulk Purchases	35 851 152	41 949 069	35 851 152	41 949 069
Less: Water Sales (See note 35)	(12 448 733)	(14 466 344)	(12 448 733)	(14 466 344)
Less: Free Basic Services (See note 34)	(14 835 258)	(14 065 464)	(14 835 258)	(14 065 464)
	8 689 613	11 562 122	8 689 613	11 562 122
Less: Water Losses (See note 36)	(8 564 075)	(11 429 667)	(8 564 075)	(11 429 667)
	<u>125 538</u>	<u>122 455</u>	<u>125 538</u>	<u>122 455</u>
Movement in Consumable Stores				
Opening Balance	11 593 085	12 196 243	11 468 750	12 133 876
Purchases	28 999 749	21 637 906	24 693 040	21 113 044
Consumption	(28 430 208)	(22 241 064)	(24 709 702)	(21 778 170)
	<u>12 162 626</u>	<u>11 593 085</u>	<u>11 452 088</u>	<u>11 468 750</u>
Water and Consumable stores				
Water inventory is held for sale and consumables are held for own use and measured at the lower of the cost and net value. No write downs of inventory to Net Realisable Value were required. Inventory expensed during the year amounted to R12 448 733 (2022: R14 466 344). The cost of water production for the year amounted to R1.60 per kilolitre (2022: R1.51 per Kilolitre) and the closing water inventory at year-end was 83 626 kilolitres. No inventories have been pledged as collateral for liabilities of the municipality.				
3. Receivables from exchange transactions				
3.1 Gross balances - Service debtors				
Water	465 773 463	421 897 065	465 773 463	421 897 065
Sewerage	119 481 697	104 486 290	119 481 697	104 486 290
Other Receivables	192 487 741	168 469 733	192 487 741	168 469 733
Credit sales of goods and rentals	2 106 933	327 557	-	-
	<u>779 849 834</u>	<u>695 380 645</u>	<u>777 742 901</u>	<u>694 853 088</u>
Less: Allowance for Impairment				
Water	(360 730 689)	(313 675 212)	(360 730 689)	(313 675 212)
Sewerage	(89 883 159)	(75 896 381)	(89 883 159)	(75 896 381)
Other receivables	(171 148 127)	(151 234 097)	(171 148 127)	(151 234 097)
Credit sales of goods and rentals	(877 482)	(418 671)	-	-
	<u>(622 139 457)</u>	<u>(541 224 361)</u>	<u>(621 761 975)</u>	<u>(540 805 690)</u>
Net balance				
Water	105 042 774	108 221 853	105 042 774	108 221 853
Sewerage	29 598 538	28 589 909	29 598 538	28 589 909
Other Receivables	21 339 614	17 235 636	21 339 614	17 235 636
Credit sales of goods and rentals	1 729 471	108 888	-	-
	<u>157 710 397</u>	<u>154 156 284</u>	<u>155 980 926</u>	<u>154 047 398</u>
3.2 Gross balances - Other debtors				
Sundry debtors	561 554	5 237 473	551 554	5 237 473
Accrued investment interest	1 630 128	-	1 520 128	-
	<u>2 181 682</u>	<u>5 237 473</u>	<u>2 181 682</u>	<u>5 237 473</u>
Net Receivables from exchange transactions	<u>159 892 079</u>	<u>159 393 757</u>	<u>158 162 608</u>	<u>159 284 871</u>

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Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures In Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
3. Receivables from exchange transactions (Continued)				
Water				
Current (0-30 days)	40 680 065	34 508 943	40 680 065	34 508 943
31 - 60 days	9 781 818	14 558 049	9 781 818	14 558 049
61 - 90 days	9 065 098	11 452 518	9 065 098	11 452 518
+90 days	386 246 481	361 277 515	386 246 481	361 277 515
	465 773 463	421 817 064	465 773 463	421 817 064
Less: Allowance for impairment	(360 730 589)	(318 675 212)	(360 730 589)	(318 675 212)
	105 042 774	103 221 852	105 042 774	103 221 852
Sewerage				
Current (0-30 days)	10 342 810	10 138 951	10 342 810	10 138 951
31 - 60 days	3 278 454	3 656 750	3 278 454	3 656 750
61 - 90 days	3 097 521	3 082 040	3 097 521	3 082 040
+90 days	102 762 710	87 608 529	102 762 710	87 608 529
	119 481 696	104 486 290	119 481 696	104 486 290
Less: Allowance for impairment	(89 883 159)	(75 896 381)	(89 883 159)	(75 896 381)
	29 598 537	28 589 909	29 598 537	28 589 909
Other Debtors				
Current (0-30 days)	7 378 500	6 350 347	7 378 500	6 350 347
31 - 60 days	3 626 776	3 254 121	3 626 776	3 254 121
61 - 90 days	3 525 775	3 180 938	3 525 775	3 180 938
+90 days	177 956 692	155 684 327	177 956 692	155 684 327
	192 487 742	168 469 733	192 487 742	168 469 733
Less: Allowance for impairment	(171 148 127)	(151 234 097)	(171 148 127)	(151 234 097)
	21 339 615	17 235 636	21 339 615	17 235 636
Credit sales of goods and rentals				
Current (0-30 days)	1 729 459	105 562	-	-
31 - 60 days	-	-	-	-
61 - 90 days	-	3 325	-	-
+90 days	377 494	418 670	-	-
	2 106 953	527 557	-	-
Less: Allowance for impairment	(277 482)	(418 671)	-	-
	1 829 471	108 886	-	-
Summary of debtors by customer classification				
Consumers				
Current (0-30 days)	40 929 569	18 100 055	40 929 569	18 100 055
31 - 60 days	9 104 056	9 205 437	9 104 056	9 205 437
61 - 90 days	8 758 798	8 848 947	8 758 798	8 848 947
+90 days	426 760 548	417 442 444	426 760 548	417 442 444
	495 556 971	453 696 902	495 556 971	453 696 902
Less: Allowance for impairment	(471 008 302)	(427 383 052)	(471 008 302)	(427 383 052)
	24 548 669	26 313 849	24 548 669	26 313 849

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Notes to the Consolidated Annual Financial Statements

Figures In Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
3. Receivables from exchange transactions (Continued)				
Industrial / Commercial				
Current (0-30 days)	15 337 744	9 699 262	13 608 285	9 593 700
31 - 60 days	3 943 973	3 611 458	3 943 973	3 611 458
61 - 90 days	3 637 599	3 178 494	3 637 599	3 178 169
+90 days	144 077 679	112 710 514	142 700 185	112 291 844
	167 014 995	129 199 728	144 910 042	128 672 171
Less: Allowance for impairment	(151 121 154)	(113 841 209)	(150 752 472)	(113 422 638)
	15 885 841	15 358 419	14 157 570	15 249 533
National and provincial government				
Current (0-30 days)	23 859 522	23 304 505	23 859 522	23 304 505
31 - 60 days	3 619 220	8 552 045	3 619 220	8 552 045
61 - 90 days	3 291 996	5 691 350	3 291 996	5 691 350
+90 days	86 505 150	74 926 085	86 505 150	74 926 085
	117 275 888	112 484 015	117 275 888	112 484 015
Less: Allowance for impairment	-	-	-	-
	117 275 888	112 484 015	117 275 888	112 484 015
Totals				
Current (0-30 days)	80 120 834	51 102 822	78 401 375	50 998 240
31 - 60 days	16 687 249	21 468 940	16 687 249	21 468 940
61 - 90 days	15 688 394	17 718 840	15 688 394	17 715 515
+90 days	667 243 378	605 089 043	666 945 864	604 670 372
	779 849 855	695 380 644	777 742 902	694 853 087
Less: Allowance for impairment	(622 139 456)	(541 224 352)	(621 761 974)	(540 805 691)
	157 710 399	154 156 293	155 980 928	154 047 397
Impairment Totals				
Current (0-30 days)	(46 180 608)	(20 752 593)	(46 180 608)	(20 752 593)
31 - 60 days	(11 297 923)	(10 508 370)	(11 297 923)	(10 508 370)
61 - 90 days	(10 915 677)	(10 127 455)	(10 915 677)	(10 127 455)
+90 days	(553 745 249)	(499 835 944)	(553 247 731)	(499 417 273)
	(622 139 456)	(541 224 352)	(621 761 974)	(540 805 691)
Reconciliation of allowance for impairment				
Balance at beginning of the year	(541 224 361)	(464 126 837)	(540 805 690)	(463 624 703)
Contributions to allowance	(80 915 095)	(77 097 525)	(80 956 284)	(77 180 987)
	(622 139 456)	(541 224 362)	(621 761 974)	(540 805 690)

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Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
4. Receivables from Non-exchange Transactions (Continued)				
Staff Debtors	454 737	1 111 067	454 737	1 111 067
Sundry Debtors	8 473 225	8 720 042	584 965	878 181
Port Saint Johns Municipality	2 200 000	2 200 000	2 200 000	2 200 000
Other control accounts	1 199 163	1 199 163	1 199 163	1 199 163
Impairments	(11 241 023)	(11 241 023)	(3 399 163)	(3 399 163)
	<u>1 086 102</u>	<u>1 989 249</u>	<u>1 039 702</u>	<u>1 989 248</u>

Staff Debtors and Sundry debtors

Staff debtors mainly comprise of service accounts for staff while Sundry Debtors are in respect of suspense accounts not cleared at year end.

Port Saint Johns Municipality

Between 2008 and 2009 OR Tambo made payments amounting of R8 741 167.29 to Port St Johns municipality in a form of a loan. Due to continued cash flow problems at Port St Johns, its council offered a piece of land valued R8 800 000 to OR Tambo as a settlement of the loan and this piece of land was recognised and capitalised as investment property. The official transfer of ownership of the land did not occur and in 2010 Port St Johns municipality indicated that the size of the land offered was reduced to 3.5 hectares. Based on this OR Tambo reduced the land value initially capitalised to R2 200 000. Due to continued uncertainty regarding the transfer of land by Port St Johns and the low possibility of recovering the debt, in 2019/20 financial year the remaining balance was converted to back to a status of outstanding debt and the full amount was impaired.

The municipality does not hold deposits or other security for its Receivables. None of the Receivables have been pledged as security for the municipality's financial liabilities.

The Provision for impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

In determining the recoverability of Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

5. Prepayments

Maintenance Plan	288 366	306 443	288 366	306 443
Deposits	507 022	259 408	247 614	-
	<u>795 388</u>	<u>565 851</u>	<u>535 980</u>	<u>306 443</u>

Maintenance costs relate to FAW trucks service and maintenance plan that was purchased together with the trucks. In the current year KSD Municipality introduced the payment of deposit for opening new accounts, the amount for deposits relate to deposits paid to KSD Municipality.

6. Statutory Receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means; and require settlement by another entity in cash or another financial asset. The municipality only had Value Added Tax (VAT) only that meets the definition of statutory receivables at year-end as it does not accrued or receive revenue from taxes, fines or penalties.

Value Added Tax (VAT)

VAT Output accrual	(227 573 622)	(219 477 604)	(227 573 622)	(219 477 604)
VAT Input accrual	259 404 097	263 569 296	259 404 097	263 569 296
Control account	19 351 610	20 791 424	19 351 610	20 791 424
VAT	<u>51 182 085</u>	<u>64 883 116</u>	<u>51 182 085</u>	<u>64 883 116</u>

Statutory receivables relate to VAT determined in terms of the VAT act and refundable to the municipality from SARS. VAT is payable on the receipts and receivable payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are effected before the due date. There were no statutory receivables that are past due at the end of the year, and which have been impaired as the VAT is refunded within days after the submission of the return to SARS.

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Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
7. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	285 786 709	67 054 932	284 894 242	64 371 366
Short-term deposits	182 059 360	321 660 429	179 261 216	319 429 991
Petty Cash Balances	3 631	12 918	-	-
	<u>467 849 700</u>	<u>388 728 279</u>	<u>464 155 458</u>	<u>383 801 357</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts Current Investment Deposits

Short-term deposits	<u>182 059 360</u>	<u>321 660 429</u>	<u>179 261 216</u>	<u>319 429 991</u>
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Call Deposits are investments with a maturity of less than 3 months and earn interest rates varying from 3% to 8.18% (2022: 3% to 4.10%) per annum.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	Economic Entity			Controlling Entity		
Figures in Rand						
7. Cash and cash equivalents (Continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-23	30-Jun-22	30-Jun-21
Controlling Entity						
First National Bank - Current Account - 539 9013 7772	302 397 312	65 061 289	104 722 432	284 894 242	64 371 366	104 935 271
	<u>302 397 312</u>	<u>65 061 289</u>	<u>104 722 432</u>	<u>284 894 242</u>	<u>64 371 366</u>	<u>104 935 271</u>
The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances. The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities. Other than conditional grant funds, no restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents. The municipality had the following call accounts:						
Controlled Entity	Bank statement balances			Cash book balances		
	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-23	30-Jun-22	30-Jun-21
FNB - Primary Bank Account - 621 668 0472	708 997	2 585 870	1 333 926	767 203	2 636 219	1 338 683
FNB - Salaries Account - 6218 328 6890	47 347	47 347	86 535	125 264	47 347	86 535
	<u>756 344</u>	<u>2 633 217</u>	<u>1 420 461</u>	<u>892 467</u>	<u>2 683 566</u>	<u>1 425 418</u>
Petty Cash Balances:	-	-	-	3 631	12 918	6 896
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 631</u>	<u>12 918</u>	<u>6 896</u>
	<u>756 344</u>	<u>2 633 217</u>	<u>1 420 461</u>	<u>896 098</u>	<u>2 696 484</u>	<u>1 432 314</u>

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*

7. Cash and cash equivalents (Continued)

The Controlling Entity had the following call accounts

	Bank statement balances		Cash book balances	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
First National Bank - Call Account - 6202 957 0307	10 083 126	189 729	10 083 126	189 729
First National Bank - Call Account - 6206 284 3860	-	217 961 014	-	217 961 014
First National Bank - Call Account - 6203 169 4533	-	2 034 565	-	2 034 565
First National Bank - Call Account - 6203 236 6149	-	63 251 196	-	63 251 196
First National Bank - Call Account - 7402 959 4310	-	112 496	-	112 496
First National Bank - Call Account - 6206 372 3136	-	28 109 532	-	28 109 532
First National Bank - Call Account - 6258 819 5612	17 590 273	6 091 061	17 590 273	6 091 061
Standard bank - Call Account - 548744068-030	-	1 094 191	-	1 094 191
ABSA - Call Account - 9353 1517 03	-	199 655	-	199 655
Investec - Call Account - 110 0456 810 500	-	93 807	-	93 807
Nedbank - Call Account - 037 8810 502 33	-	292 545	-	292 545
Nedbank - Call Account - 37 8810 54233/000033	151 587 817	-	151 587 817	-
	<u>179 261 216</u>	<u>319 429 991</u>	<u>179 261 216</u>	<u>319 429 991</u>

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2023	2022	2023	2022
		Restated*		Restated*
7. Cash and cash equivalents (Continued)				
The Controlled Entity had the following call accounts				
FNB Account number - 62181670540 (Ntinga)	2 028 444	59 055	2 028 444	59 055
FNB Account number - 62185096122 (Umzimkantu Read Meat Abattoir)	397 058	495 489	397 058	495 489
FNB Account Number - 62887833153	1 112	1 045	1 112	1 045
FNB Call - 62508942407	42 316	98 625	42 316	98 625
FNB Call - 62578074149	135 643	224 999	135 643	224 999
FNB Call Account - 62785410293	3 827	2 838	3 827	2 838
FNB Call Account - 62773058849	6 595	94 524	6 595	94 524
FNB Account Number - 62875150600	51 684	849 324	51 684	849 324
FNB Call Account - 62771259671	110 686	177 973	110 686	177 973
FNB Call Account - 62766835622	20 779	217 791	20 779	226 566
	2 798 144	2 221 663	2 798 144	2 230 438

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

Economic Entity

Description	2023			2022		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	36 799 877	-	36 799 877	36 799 877	-	36 799 877
Furniture and fixtures	32 886 303	(23 976 651)	8 909 652	32 681 194	(21 926 298)	10 754 896
Transport Assets	50 608 464	(21 774 853)	28 833 611	51 196 507	(17 443 827)	33 552 680
IT equipment	8 487 890	(6 269 136)	2 218 754	7 838 192	(5 837 008)	2 001 184
Infrastructure	9 726 441 989	(3 435 306 749)	6 291 335 240	9 313 819 938	(3 264 366 503)	6 049 453 435
Buildings and Other assets	172 353 274	(80 838 724)	91 514 551	171 972 306	(76 980 831)	94 991 475
Infrastructure WIP	1 575 781 368	-	1 575 781 368	1 565 707 879	-	1 565 707 879
Leased Assets	11 929 717	(6 303 689)	5 626 028	6 537 418	(3 113 911)	3 423 507
Machinery and Equipment	30 083 985	(22 386 301)	7 697 684	28 890 271	(18 527 735)	10 362 536
	11 645 572 867	(3 594 856 103)	8 048 716 764	11 215 443 582	(3 408 396 113)	7 807 047 469

Reconciliation of property, plant and equipment - 2023

Description	Opening balance	Additions	Revaluation	Disposals	Decommissions	Transfers	Impairment	Depreciation	Total
Land	36 799 877	-	-	-	-	-	-	-	36 799 877
Furniture and fixtures	10 754 895	205 109	-	-	-	-	-	(2 050 352)	8 909 652
Transport Assets	33 552 680	-	-	(38 805)	-	-	-	(4 480 244)	28 833 611
IT equipment	2 001 184	970 165	-	(34 344)	-	-	-	(718 250)	2 218 754
Infrastructure	6 049 453 434	7 509 828	-	-	-	405 312 223	4 224 044	(175 164 290)	6 291 335 239
Buildings and Other assets	94 991 475	380 968	-	-	-	-	(41 751)	(3 816 141)	91 514 551
Infrastructure WIP	1 565 707 880	505 250 391	-	-	-	(405 312 223)	(89 864 679)	-	1 575 781 368
Leased Infrastructure	3 423 507	5 392 299	-	-	-	-	-	(3 189 776)	5 626 028
Machinery and Equipment	10 362 537	1 613 690	-	(191 428)	-	-	(1 306 485)	(2 780 630)	7 697 684
	7 807 047 469	521 322 450	-	(284 577)	-	-	(86 988 871)	(192 379 707)	8 048 716 763

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - 2022

Description	Opening balance	Additions	Revaluation	Disposals	Decommissions	Transfers	Impairment	Depreciation	Total
Land	31 129 794	-	7 489 083	-	-	-	(1 819 000)	-	36 799 877
Furniture and fixtures	12 991 127	609 153	-	(309 809)	-	-	-	(2 535 576)	10 754 995
Transport Assets	45 948 474	-	-	(3 725 690)	-	-	-	(8 670 104)	33 552 680
IT equipment	2 740 035	93 800	-	(72 842)	-	-	-	(779 789)	2 001 184
Infrastructure	6 198 207 603	5 750 492	-	-	(151 073)	81 799 231	(6 155 633)	(229 997 185)	6 049 453 434
Buildings and Other assets	97 669 055	-	10 488 374	-	-	-	(9 419 419)	(3 746 536)	94 991 475
Infrastructure WIP	1 162 589 003	484 918 108	-	-	-	(81 799 231)	-	-	1 565 707 880
Leased Infrastructure	5 477 611	-	-	-	-	-	-	(2 054 104)	3 423 507
Machinery and Equipment	13 998 325	56 823	-	(69 530)	-	-	-	(3 583 081)	10 362 537
	7 570 731 027	491 428 376	17 977 458	(4 177 891)	(151 073)	-	(17 394 052)	(251 366 376)	7 807 047 467

Controlling Entity

Description	2023 Accumulated depreciation and accumulated impairment			2022 Accumulated depreciation and accumulated impairment		
	Cost / Valuation	Impairment	Carrying value	Cost / Valuation	Impairment	Carrying value
Land	13 798 000	-	13 798 000	13 798 000	-	13 798 000
Furniture and fixtures	30 372 299	(21 907 973)	8 464 326	30 190 890	(20 029 192)	10 161 698
Transport Assets	46 964 125	(18 486 704)	28 477 421	46 964 125	(14 503 926)	32 460 199
IT equipment	6 192 690	(4 712 395)	1 480 295	5 326 431	(4 272 702)	1 053 729
Infrastructure	9 726 641 989	(3 435 306 749)	6 291 335 240	9 313 819 938	(3 264 366 503)	6 049 453 435
Buildings and Other assets	149 007 981	(73 959 506)	75 048 475	149 007 981	(71 059 342)	77 948 639
Infrastructure WIP	1 575 781 368	-	1 575 781 368	1 565 707 879	-	1 565 707 879
Leased Infrastructure	11 427 557	(6 299 157)	5 328 400	6 537 418	(3 113 911)	3 423 507
Machinery and Equipment	6 369 532	(5 305 444)	1 064 088	5 633 811	(3 639 633)	1 794 178
	11 566 755 541	(3 565 977 928)	8 000 777 613	11 136 986 473	(3 381 185 209)	7 755 801 264

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - 2023

Description	Opening balance	Additions	Revaluation	Disposals	Decommissions	Transfers	Impairment	Depreciation	Total
Land	13 798 000	-	-	-	-	-	-	-	13 798 000
Furniture and fixtures	10 161 697	181 409	-	-	-	-	-	(1 878 780)	8 464 326
Transport Assets	32 440 199	-	-	-	-	-	-	(3 982 778)	28 457 421
IT equipment	1 053 729	866 260	-	(2 208)	-	-	-	(437 486)	1 480 295
Infrastructure	6 049 453 434	7 509 828	-	-	-	405 312 223	4 224 044	(175 164 290)	6 291 335 239
Buildings and Other assets	77 948 639	-	-	-	-	-	-	(2 900 164)	75 048 475
Infrastructure WIP	1 565 707 880	505 250 261	-	-	-	(405 312 223)	(89 864 679)	-	1 575 781 368
Leased Infrastructure	3 423 307	5 090 139	-	-	-	-	-	(3 185 246)	5 328 199
Machinery and Equipment	1 794 179	735 720	-	-	-	-	(1 306 485)	-	1 044 098
	7 755 801 244	519 633 747	-	(2 208)	-	-	(86 947 120)	(187 708 069)	8 000 777 613

Reconciliation of property, plant and equipment - 2022

Description	Opening balance	Additions	Revaluation	Disposals	Decommissions	Transfers	Impairment	Depreciation	Total
Land	8 127 917	-	7 489 083	-	-	-	(1 819 000)	-	13 798 000
Furniture and fixtures	12 234 734	576 839	-	(309 809)	-	-	-	(2 340 049)	10 161 697
Transport Assets	44 263 060	-	-	(3 725 690)	-	-	-	(8 067 171)	32 440 199
IT equipment	1 535 609	-	-	(20 181)	-	-	-	(461 699)	1 053 729
Infrastructure	6 198 207 603	5 750 492	-	-	(151 073)	81 799 231	(6 155 633)	(229 997 185)	6 049 453 434
Buildings and Other assets	79 651 390	-	10 488 374	-	-	-	(9 419 419)	(2 771 707)	77 948 639
Infrastructure WIP	1 162 589 003	484 918 108	-	-	-	(81 799 231)	-	-	1 565 707 880
Leased Infrastructure	5 477 611	-	-	-	-	-	-	(2 054 104)	3 423 507
Machinery and Equipment	5 479 117	54 823	-	(69 530)	-	-	-	(672 231)	1 794 179
	7 514 556 046	491 302 262	17 977 458	(4 125 210)	(151 073)	-	(17 394 052)	(246 364 167)	7 755 801 244

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*

8. Property, plant and equipment (continued)

Non-Current Assets held for sale

There were no assets held for sale at 30 June 2023.

The following assets were held for sale at 30 June 2022:

	Cost / Valuation	Accumulated Depreciation	Carrying value	Cost / Valuation	Accumulated Depreciation	Carrying value
Transport Assets	-	-	-	888 043	(509 238)	378 805
IT Equipment	-	-	-	320 446	(288 302)	32 144
Machinery and Equipment	-	-	-	770 404	(578 975)	191 429
	-	-	-	1 678 913	(1 396 544)	282 369

Assets pledged as security

The municipality did not pledge any of its assets as security.

Land and buildings carried at fair value

The municipality's Land and Buildings are accounted for according to the valuation model and are valued on five year intervals; the last valuation was carried out in 2021/22 financial year.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance under Contracted services

	2023	2022	2023	2022
Land and Buildings	2 158 982	3 247 721	2 158 982	3 247 721
Infrastructure - Sanitation	8 644 376	2 573 477	8 644 376	2 573 477
Infrastructure - Water	74 930 756	10 232 515	74 930 756	10 232 515
Other Assets	3 103 855	1 909 475	2 951 324	1 801 447
	10 837 911	17 963 188	10 705 448	17 855 160

Other movements of Property, Plant and Equipment are in respect of Work-In-Progress completed and transferred to Cost.

Work-in-progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

	2023	2022	2023	2022
Infrastructure - Sewerage	1 560 824 452	1 391 598 427	1 560 824 452	1 391 598 427
Infrastructure - Water	144 706 796	130 356 470	144 706 796	130 356 470
Buildings	80 290 120	43 750 783	80 290 120	43 750 783
	1 875 781 368	1 565 707 880	1 875 781 368	1 565 707 880

Delayed Projects

The following projects are experiencing significant delays.

Controlling Entity Projects

Project number	Project name	Service Provider	Project Type	Planned Completion Date	Carrying Value	Reasons for delays
SDMU 08-2021	Nonyeni Water Supply	IGORHA	Water	2023/01/30	7 465 958	Delays were due to non payment of invoices, slow progress by the Contractor due to cashflow problems leading to non payment to local labour and resulting in closure of the site. Further delays were caused by change of the position of the reservoir and the pipeline route. This was caused by the land dispute on the first position identified for the reservoir.
SDMU 23-2021	Maanodi Secondary Bulk Phase 2	Megascorp 485cc	Water	2022/06/20	26 951 319	Delays were due to nonpayment of invoices prompting extension time of 6 months average. Supply shortage of steel and pipes (concrete structure for durability and waterproofing) countrywide. Concrete suppliers inability to meet demand due to resources constraints as only two accredited concrete suppliers within the entire district and most of the projects comprises of concrete rebarwork, social issues resulting in stoppages of the projects and poor performance by JKM&L.
SDMU 14-2021	Maanodi Secondary Bulk Phase 2	Megascorp 485cc	Water	2022/06/20	34 325 666	
SDMU 16-2021	Maanodi Secondary Bulk Phase 2	Nqakumba Trading JV Athindura	Water	2022/05/19	31 290 997	
SDMU 27-2021	Maanodi Secondary Bulk phase 3	Ikhodiyama Construction	Water	2022/11/22	49 171 366	
SDMU 18-2022	Maanodi Secondary Bulk Phase 2	Itshini SA 1060 cc	Water	2022/05/18	31 364 476	
SDMU 26-2021	Maanodi Secondary Bulk Phase 2	N&S/Vitika Trading	Water	2022/07/28	32 125 487	
SDMU 13-18/23	Nbanyeni Dam	IGS construction	Water	2023/06/30	61 829 446	The project has been terminated due to high increase on the earthworks quantities requiring a VO more than the threshold.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*

8. Property, plant and equipment (continued)

Project number	Project name	Service Provider	Project Type	Planned Completion Date	Carrying Value	Reasons for delays
MIS 203 351	Nbanyeni Abstraction	Megascorp 485cc	Water	2021/01/30	56 541 007	Delays are caused by heavy rainfall resulting to delays on completion of the coffer dam. The coffer dam will be directly constructed in the river therefore water levels have to be very low.
MIS 315-901A	Port St Johns Water Supply Phase B	Tyeks	Water	2022/03/23	6 247 474	The scope of work involves refurbishment of the existing infrastructure, therefore more vandalism occurred before the start of the projects resulting to some changes on the scope. More delays were caused by the required assessment before ordering the material and therefore the lead time on delivery of the material. The low priced rates affected the performance of the Contractor and resulted to termination.
MIS 315-901 B	Port St Johns Water Supply Phase B	Marcos	Water	2022/01/23	18 306 517	Delays were due to more vandalism occurred, long lead time for delivery of Mechanical & Electrical equipment than expected as well as dependency of some activities on the Civil Contractor.
MIS 232 940 A	Luskile Sewer Retention Phase 3C	Life Nkhi Property Construction	Sewerage	2023/02/21	12 054 214	Delays are due to demands and stoppages by local forums. Removal and reallocation of existing services as well as removal of the local workers and their requirements have to be attended to before work could progress.
MIS 204 539	Uboko Waste Water Treatment Works	Thutabam Trading	Sewerage	2019/02/22	42 762 964	Delays were due to delayed payment of invoices, poor performance by the Contractor and vandalism on site.
Non Capital project	KDS ward 35 sanitation	Ikhodiyama	Sanitation	2023/05/01	2 773 046	Delays were due to shortage of blocks and the material was changed to concrete pit lining. Labour disputes about the rate paid when pit lining was used caused more delays.

9. Intangible Assets

	2023	2022	2023	2022
Computer Software	15 491 950	15 491 950	13 949 650	13 949 650
Cost / Valuation	(15 055 788)	(14 635 544)	(13 631 725)	(13 313 406)
Accumulated depreciation and Impairment				
Carrying value	436 162	856 406	317 925	636 244
Reconciliation of intangible assets				
Opening balance	856 406	1 443 041	636 046	959 519
Additions	(420 244)	(586 635)	(318 121)	(323 473)
Amortisation				
	436 162	856 406	317 925	636 244

Other Information

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 30).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Intangible Assets of the municipality.

9.1 Significant Intangible assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 31, are the following:

[1] Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

9.2 Intangible assets with indefinite useful lives

The municipality amortises all its Intangible Assets and non of such assets are regarded as having Indefinite useful lives. The useful lives of the Intangible Assets remain unchanged from the previous year.

9.3 Impairment of Intangible assets

No Impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

9.4 Work-In-Progress

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

9.5 Delayed Projects

No projects that are currently in progress are experiencing significant delays.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022	2023	2022
		Restated*		Restated*

10. Heritage Assets

Economic Entity

Description	2023		2022	
	Cost / Valuation	Accumulated depreciation	Cost / Valuation	Accumulated depreciation
Statuses and Monuments	247 025	-	247 025	-

Description	2023		2022	
	Cost / Valuation	Accumulated depreciation	Cost / Valuation	Accumulated depreciation
Statuses and Monuments	247 025	-	247 025	-

Controlling Entity

Description	2023		2022	
	Cost / Valuation	Accumulated depreciation	Cost / Valuation	Accumulated depreciation
Statuses and Monuments	247 025	-	247 025	-

Description	2023		2022	
	Cost / Valuation	Accumulated depreciation	Cost / Valuation	Accumulated depreciation
Statuses and Monuments	247 025	-	247 025	-

Economic Entity

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Depreciation	Total
Statuses and Monuments	247 025	-	-	247 025

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Depreciation	Total
Statuses and Monuments	247 025	-	-	247 025

Controlling Entity

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Depreciation	Total
Statuses and Monuments	247 025	-	-	247 025

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Depreciation	Total
Statuses and Monuments	247 025	-	-	247 025

Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

Delayed Projects

No projects that are currently in progress are experiencing significant delays.

11. Biological Assets

	Economic Entity		Controlling Entity	
	Fair Value - 2023		Fair Value - 2023	
	R	Qty	R	Qty
Opening balance	14 567 854	1 142	-	-
Acquisitions	-	-	-	-
Births	74 000	370	-	-
Deaths	(350 200)	(31)	-	-
Gains from change in fair value	300 374	-	-	-
Transfers to inventory	557 431	83	-	-
Disposals	(1 417 495)	(153)	-	-
Closing balance	13 732 164	1 031	-	-
	Fair Value - 2022		Fair Value - 2022	
	R	Qty	R	Qty
Opening balance	13 173 440	1 434	-	-
Acquisitions	218 347	7	-	-
Births	104 400	518	-	-
Deaths	(440 180)	(52)	-	-
Gains from change in fair value	5 412 332	-	-	-
Transfers to inventory	(3 814 400)	(348)	-	-
Disposals	(264 305)	(157)	-	-
Closing balance	14 567 854	1 142	-	-

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022	2023	2022
		Restated*		Restated*

11. Biological Assets (Continued)

No title or other restrictions are placed on biological assets and no biological assets were pledged as security for liabilities. There are no commitments for the acquisition of biological assets.

Biological assets are located at Adam Kok Farms and Ilwazi Dairy Farm. The primary activities revolving around biological assets are livestock breeding and heifer exchange.

Financial risk is managed as follows:

- Livestock is insured.
- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring and reporting of quantities by Entity staff.
- A contract is entered into with a Veterinarian for medication and vaccination.
- Livestock is regularly vaccinated.

The effective date of the assessments and valuation was 30 June 2023. Valuations were performed by an independent professional veterinarian, Dr M.J. Guma, a registered veterinarian in terms of Veterinary and Para-Veterinary Professions Act No. 19 of 1982.

12. Consumer deposits

	2023	2022	2023	2022
Water	3 448 874	3 312 183	3 448 874	3 312 183
	<u>3 448 874</u>	<u>3 312 183</u>	<u>3 448 874</u>	<u>3 312 183</u>

Consumer Deposits are paid by consumers on application for new water connections. The deposits are repaid when the water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid or accrued on Consumer Deposits held.

13. Employee benefit liabilities

	2023	2022	2023	2022
Long-term Service Liability	3 970 000	8 485 000	3 970 000	8 485 000
Post-retirement Medical Aid Benefits Liability	331 000	1 101 000	331 000	1 101 000
Staff leave Provision	80 703 213	94 990 220	76 704 890	91 328 752
	<u>85 004 213</u>	<u>104 576 220</u>	<u>80 007 890</u>	<u>100 914 752</u>

The movements in provisions are reconciled as follows:

	2023	2022	2023	2022
Long-term Service				
Balance at beginning of year	3 970 000	8 485 000	3 970 000	8 485 000
Transfer from non-current	331 000	1 101 000	331 000	1 101 000
Expenditure incurred	75 706 890	91 328 752	75 706 890	91 328 752
(Over) / Under Provision	80 007 890	100 914 752	80 007 890	100 914 752
	<u>160 015 790</u>	<u>201 829 504</u>	<u>160 015 790</u>	<u>201 829 504</u>
Medical Aid				
Balance at beginning of year	3 970 000	8 485 000	3 970 000	8 485 000
Transfer from non-current	(8 485 000)	(8 485 000)	(8 485 000)	(8 485 000)
Expenditure incurred	44 000	-	44 000	-
(Over) / Under Provision	(3 970 000)	8 485 000	3 970 000	8 485 000
	<u>(845 000)</u>	<u>10 434 000</u>	<u>(845 000)</u>	<u>10 434 000</u>
Staff leave Provision				
Balance at beginning of year	94 990 220	97 857 179	91 328 752	93 049 172
Contribution	(2 802 010)	(3 316 751)	(2 499 422)	(4 024 447)
Expenditure incurred	(13 484 997)	(6 183 710)	(13 122 442)	(15 745 987)
	<u>80 703 213</u>	<u>94 990 220</u>	<u>76 704 890</u>	<u>91 328 752</u>

Staff Leave

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date but limited to 48 leave days. This provision will be realised as employees take leave, when employment is terminated or any circumstance approved by the council.

	2023	2022	2023	2022
14. Payables from exchange transactions				
Trade payables	386 433 714	437 140 004	353 221 036	441 744 822
Payments received in advanced	15 988 204	18 037 449	15 988 204	18 037 449
Retentions	99 575 648	85 447 913	99 575 648	85 447 913
Staff bonus Provision	11 802 392	13 526 188	11 802 392	13 526 188
Other Creditors	4 807 568	177 744	4 807 568	177 744
	<u>420 627 946</u>	<u>554 329 298</u>	<u>425 412 270</u>	<u>558 936 116</u>

Staff Bonuses

Staff Bonuses accrue to the staff of the entity on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

	2023	2022	2023	2022
15. Payables from Non-exchange Transactions				
Sundry Creditors	2 220 340	2 572 536	2 220 297	2 572 537
Provincial SC Housing	43 674 311	35 995 486	43 674 311	35 995 486
Salaries control accounts	-	26 666	-	26 666
SURUDECO - Bazyia Sustainable Village Project	446 974	446 974	446 974	446 974
	<u>46 342 625</u>	<u>40 041 662</u>	<u>46 342 582</u>	<u>40 041 663</u>

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
16. Unspent conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
National: WISG Funds	28 379 833	38 521 735	28 379 833	38 521 735
National: RRG Funds	10 093 596	24 235 517	10 093 596	24 235 517
National: MIG Funds	70 485 109	122 448 743	70 485 109	122 448 743
National: PAMS	-	3 024 000	-	3 024 000
National: MDO	3 032 512	-	3 032 512	-
Other Grant Providers	-	(340 299)	-	-
	111 991 050	187 869 914	111 991 050	188 230 015

The Unspent Conditional Grants and Receipts are Invested in Investment accounts until utilised. See Note 27 for the reconciliation of Grants from Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

17. VAT Payable				
SARS - VAT Payable	14 832 454	13 502 173	-	-
	14 832 454	13 502 173		

18. Current Portion of Finance Lease Liabilities				
Capitalised Lease Liability - At amortised cost	6 084 110	4 186 634	5 788 991	4 119 353
Current Portion - Capitalised lease liability - At amortised cost	(3 433 045)	(2 481 182)	(3 342 973)	(2 413 901)
Total long term liabilities - at amortised cost using the effective interest rate method.	2 651 065	1 705 452	2 446 018	1 705 452

Future minimum lease payments of the finance lease				
- within one year	3 433 045	2 481 182	3 342 973	2 413 901
- in second to fifth year inclusive	2 651 065	1 705 452	2 446 018	1 705 452
	6 084 110	4 186 634	5 788 991	4 119 353

Controlled Entity
Xerox Contract: The Municipality as Lessee
 Finance leases relate to lease contract for office Equipment which started on 1 March 2021 when effective interest rate on Finance leases was 7%. The municipality does not have an option to purchase the leased Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance leases are secured by the lessors' title to the leased assets. The municipality has a 36 months finance lease agreements with Xerox Document Automation (a division of Altron and a distributor of Xerox) for the following significant classes of assets:
 - Office Equipment - Multi-purpose Photocopiers

The average monthly instalment is R216 814.
Avis Contract: The Municipality as Lessee
 Finance leases relate to lease contract for VP Vehicles which started on 9 November 2022 when effective interest rate on Finance leases was 9.75%. The municipality does not have an option to purchase the leased Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance leases are secured by the lessors' title to the leased assets. The municipality has a 36 months finance lease agreements with Zeda Car Leasing Pty (Ltd) trading as Avis Rent for the following significant classes of assets:
 - Motor Vehicles - Four VP Vehicles

The average monthly instalment is R142 302.
Controlled Entity
 The minimum lease periods are 36 months with the final lease payments made on 30/06/2026. The capitalised lease liability consists of the following contracts:

Supplier	Description of the leased item	Effective	Expiration
Emolanger Technologies	ThinPad Smart PC's	12%	0%

19. Employee benefit liabilities

The amounts recognised in the statement of financial position are as follows:

Carrying value	2023	2022 Restated*	2023	2022 Restated*
Present value of the defined benefit obligation - wholly unfunded	72 492 000	111 907 000	72 492 000	111 907 000
Present value of the defined benefit obligation - partly or wholly funded	23 114 000	31 256 000	23 114 000	31 256 000
	95 606 000	143 163 000	95 606 000	143 163 000

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
19. Employee benefit liabilities (Continued)				
Actual Gain / (Loss)				
Health Care Benefits	61 965 000	14 784 000	61 965 000	14 784 000
Long Service Awards	13 309 000	(2 920 000)	13 309 000	(2 920 000)
	75 274 000	13 864 000	75 274 000	13 864 000

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Historical analysis					
Past-employment medical benefits					
Defined benefit obligation	73 023 000	113 008 000	108 825 000	89 773 000	89 163 000
Plan assets	-	-	-	-	-
Surplus/deficit in the plan	(73 023 000)	(113 008 000)	(108 825 000)	(89 773 000)	(89 163 000)
Experience adjustments:					
- Plan liabilities	-	-	-	-	-
- Plan assets	-	-	-	-	-
Defined Benefit Plan - Long Service Awards					
Defined benefit obligation	27 084 000	39 741 000	42 594 000	34 194 000	27 588 000
Plan assets	-	-	-	-	-
Surplus/deficit in the plan	(27 084 000)	(39 741 000)	(42 594 000)	(34 194 000)	(27 588 000)
Experience adjustments:					
- Plan liabilities	-	-	-	-	-
- Plan assets	-	-	-	-	-

POST-RETIREMENT HEALTH CARE BENEFITS LIABILITY				
Opening balance	111 907 000	107 466 861	111 907 000	107 466 861
Contributions by plan participants	(38 114 000)	5 879 139	(38 114 000)	5 879 139
Assumed in an entity combination	(1 101 000)	(1 439 000)	(1 101 000)	(1 439 000)
	72 692 000	111 907 000	72 692 000	111 907 000

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by ARCH Actuarial Consulting (Pty) Ltd (2022: IAG Consultants and Actuaries). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service members (Employees)	661	664	661	664
In-service non-members (Employees)	389	407	389	407
Continuation members (Retirees, widowers and orphans)	10	11	10	11
	1 060	1 082	1 060	1 082

The liability in respect of past service has been estimated as follows:

In-service members (Employees)	91 749 000	62 536 000	91 749 000	62 536 000
In-service non-members (Employees)	4 954 000	17 663 000	4 954 000	17 663 000
Continuation members (Retirees, widowers and orphans)	3 503 000	3 596 000	3 503 000	3 596 000
	73 023 000	113 008 000	73 023 000	113 008 000

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:
 - Bonitas - CSMS
 - Fedhealth - KeyHealth
 - Horned
 - LA Health
 - Medibond
 - Sanvumed

The Current-service Cost for the year ending 30 June 2023 is estimated to be R7 780 000, whereas the cost for the ensuing year is estimated to be R4 778 000 (30 June 2022: R8 784 000 and R7 780 000 respectively).

Net expense recognised in the statement of financial performance

Past service cost	113 008 000	113 008 000	113 008 000	113 008 000
Current service cost	7 780 000	8 784 000	7 780 000	8 784 000
Interest cost	15 301 000	15 822 000	15 301 000	15 822 000
Actual (gains) losses	(61 965 000)	(14 784 000)	(61 965 000)	(14 784 000)
Expected subsidy (benefit) payments	(1 101 000)	(1 439 000)	(1 101 000)	(1 439 000)
	73 023 000	113 008 000	73 023 000	113 008 000

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
19. Employee benefit liabilities (Continued)				
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used	12.58%	11.82%	12.58%	11.82%
Medical cost trend rates	8.18%	10.65%	8.18%	10.65%
Proportion of employees opting for early retirement	6.45%	2.26%	6.45%	2.26%
Expected Retirement age				
Expected Retirement Age - Males and Females	62	65	62	65
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of fund obligations	73 023 000	118 008 000	73 023 000	118 008 000
Undfunded Accrued Liability	73 023 000	118 008 000	73 023 000	118 008 000
Total Benefit Liability	73 023 000	118 008 000	73 023 000	118 008 000
The amounts recognised in the Statement of Financial Performance are as follows:				
Current Service Cost	7 780 000	8 784 000	7 780 000	8 784 000
Interest Cost	15 301 000	19 422 000	15 301 000	19 422 000
Actuarial Losses / (Gains)	(6 194 000)	(16 784 000)	(6 194 000)	(16 784 000)
	(38 864 000)	5 422 000	(38 864 000)	5 422 000
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:				
	One percentage point increase	One percentage point increase	One percentage point increase	One percentage point increase
Increase:-				
Effect on the aggregate of current service cost and the interest cost	19 515 000	27 127 000	19 515 000	27 127 000
Effect on defined benefit obligation	79 548 000	131 234 000	79 548 000	131 234 000
Decrease:-				
Effect on the aggregate of current service cost and the interest cost	27 585 000	19 430 000	27 585 000	19 430 000
Effect on defined benefit obligation	65 185 000	96 262 000	65 185 000	96 262 000
The municipality expects to make a contribution of R4 778 000 (2022: R7 780 000) to the Defined Benefit Plans during the next financial year.				
LONG SERVICE AWARDS LIABILITY				
Balance at the beginning of the year	36 940 000	36 058 000	36 940 000	36 058 000
Contributions to provision	(4 172 000)	7 462 000	(4 172 000)	7 462 000
Transfer to Current Provisions	(3 970 000)	(6 580 000)	(3 970 000)	(6 580 000)
	(8 142 000)	(5 698 000)	(8 142 000)	(5 698 000)

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long Service Bonus Award is payable after 5 years of continuous service, and every 5 years of continuous service thereafter to 25 years, to employees. The provision is an estimate of the long service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by ARCH Actuarial Consulting (Pty) Ltd (2022: JAG Consultants and Actuaries), Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit-Credit Method.

At year end, 1 050 (2022: 1 050) employees were eligible for Long-service Awards. The Current-service Cost for the year ending 30 June 2023 is estimated to be R4,454,000. (30 June 2022: R3 927 000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rates used	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
Expected Retirement Age - Males and Females	62	63	62	63
Movements in the present value of the Defined Benefit Obligation were as follows:				
Balance at the beginning of the year	39 741 000	36 910 000	39 741 000	36 910 000
Current Service Costs	4 454 000	4 454 000	4 454 000	3 927 000
Interest Costs	4 483 000	2 544 000	4 483 000	2 544 000
Benefits paid	(8 485 000)	(6 580 000)	(8 485 000)	(6 580 000)
Actuarial Losses / (Gains)	(13 359 000)	2 920 000	(13 359 000)	2 920 000
	27 084 000	39 741 000	27 084 000	39 741 000

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
19. Employee benefit liabilities (Continued)				
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of fund obligations	27 084 000	39 741 000	27 084 000	39 741 000
Undfunded accrued liability	27 084 000	39 741 000	27 084 000	39 741 000
Total Benefit Liability	27 084 000	39 741 000	27 084 000	39 741 000
The amounts recognised in the Statement of Financial Performance are as follows:				
Current service interest cost	4 454 000	3 927 000	4 454 000	3 927 000
Actuarial Losses / (Gains)	(13 359 000)	2 920 000	(13 359 000)	2 920 000
	(4 172 000)	9 411 000	(4 172 000)	9 411 000
The history of experienced adjustments is as follows:				
Present value of Defined Benefit Obligation	27 084 000	39 741 000	27 084 000	39 741 000
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:				
Increase:-				
Effect on the aggregate of current service cost and the interest cost	9 712 000		9 712 000	
Effect on defined benefit obligation	28 383 000	48 061 000	28 383 000	48 061 000
Decrease				
Effect on the aggregate of current service cost and the interest cost	8 611 000		8 611 000	
Effect on defined benefit obligation	25 873 000	43 011 000	25 873 000	43 011 000
The municipality expects to make a contribution of R 2 933 000 (2022: R4 454 000) to the defined benefit plans during the next financial year.				
20. Accumulated surplus				
The Accumulated Surplus consists of the following Internal Funds and Reserves:				
Accumulated Surplus / (Deficit) due to the results of Operations	7 955 508 180	7 381 977 116	7 901 439 013	7 323 143 139
	7 955 508 180	7 381 977 116	7 901 439 013	7 323 143 139
21. Revaluation Surplus				
Opening Balance	17 977 458	17 977 458	17 977 458	17 977 458
Land	-	7 489 083	-	7 489 083
Buildings	-	(10 488 375)	-	(10 488 375)
	17 977 458	17 977 458	17 977 458	17 977 458
Land and building are subsequently accounted for using revaluation model and are revalued every 5 years. The recent valuation was performed in 2022 financial year. The revaluation reserve is not reduced as the asset is being used however it will be reduced on disposal of an asset to the extent of the revaluation reserve rolled in the past.				
22. Service charges				
Sale of water	221 982 061	241 297 359	221 982 061	241 297 359
Sewerage and sanitation charges	61 359 749	65 455 557	61 359 749	65 455 557
	288 341 300	303 752 916	288 341 300	303 752 916
The amounts disclosed above for revenue from charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.				
23. Rental of facilities and equipment				
Rental Revenue	243 739	415 672	739	33 855
	243 739	415 672	739	33 855
Rental revenue earned on facilities and equipment is in respect of hall, office rentals, storage fees and parking rented out.				
24. Interest earned				
Bank Accounts	4 437 110	6 158 788	4 437 110	6 158 788
Investments	35 559 166	4 743 685	35 347 072	4 431 288
	40 176 276	10 902 473	40 004 182	10 790 076
Outstanding Billing Debtors				
	41 402 138	32 877 477	41 402 138	32 877 477
	41 602 138	32 877 477	41 602 138	32 877 477
	81 778 414	43 780 150	81 606 320	43 667 753

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated ¹	2023	2022 Restated ¹
25. Operational revenue				
Wiring Operations	11 200 294	10 207 300	-	-
Tender documents	62 474	451 797	-	-
Sundry Income	-	3 198 276	-	3 198 276
	<u>11 452 870</u>	<u>16 859 073</u>	<u>-</u>	<u>3 198 276</u>

The amounts disclosed above for Operational revenue are in respect of services, other than described in Notes 22 to 24 and 25 which are billed to or paid for by the users as the services are required according to approved tariffs.

26. Income from Agency Services				
Commission Received	251 348	347 018	176 050	203 152
	<u>251 348</u>	<u>347 018</u>	<u>176 050</u>	<u>203 152</u>

The amounts disclosed above is generated from commission fees received from third parties for deducting and paying over the amounts (Garnish orders) deducted from employees.

27. Transfers and subsidies received				
Operating grants				
Equitable share	1 051 670 015	950 444 707	1 051 670 015	950 444 707
SITA Skills Development Grant	1 690 778	1 462 972	1 690 778	1 462 972
Other Subsidies	-	-	-	-
	<u>1 053 360 793</u>	<u>951 907 679</u>	<u>1 053 360 793</u>	<u>951 907 679</u>

Conditional grants				
National: SFP	11 542 000	9 245 000	11 542 000	9 245 000
National: FMD	2 000 000	2 000 000	2 000 000	2 000 000
National: MDG	579 445 891	406 989 237	579 445 891	406 989 237
National: WSIG	47 843 147	57 478 245	47 843 147	57 478 245
National: Department of Roads and Transport	3 143 000	-	3 143 000	-
National: RBG	89 924 424	97 098 483	89 924 424	97 098 483
National: MDRO	43 829 488	43 829 488	43 829 488	43 829 488
	<u>777 919 950</u>	<u>572 810 986</u>	<u>777 919 950</u>	<u>572 810 986</u>
	<u>1 831 280 743</u>	<u>1 524 718 664</u>	<u>1 831 280 743</u>	<u>1 524 718 664</u>

In terms of MFMA circular No 48 all conditional allocations (excluding interest earned thereon) that at year-end are not utilised, must revert back to the National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

National: EPWP Funds				
Current-year receipts	1 690 778	1 462 972	1 690 778	1 462 972
Conditions met - transferred to revenue:	<u>(1 690 778)</u>	<u>(1 462 972)</u>	<u>(1 690 778)</u>	<u>(1 462 972)</u>

The Financial Management Grant is paid by the National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

National: FMG Funds				
Balance unspent at beginning of year	11 542 000	9 245 000	11 542 000	9 245 000
Current-year receipts	(11 542 000)	(9 245 000)	(11 542 000)	(9 245 000)
Conditions met - transferred to revenue:	-	-	-	-

National: WSIG Funds				
Balance unspent at beginning of year	38 521 735	42 805 609	38 521 735	42 805 609
Conditions met - withheld	(38 521 735)	(42 805 609)	(38 521 735)	(42 805 609)
Current-year receipts	74 223 000	94 000 000	74 223 000	94 000 000
Conditions met - transferred to revenue	<u>(47 843 147)</u>	<u>(57 478 245)</u>	<u>(47 843 147)</u>	<u>(57 478 245)</u>
	<u>28 379 833</u>	<u>38 521 735</u>	<u>28 379 833</u>	<u>38 521 735</u>

Conditions still to be met - remain liabilities (see note 15). This grant was received for the building and maintenance of water and sanitation infrastructure in the district. R38 521 735 was withheld by the National Treasury.

National: Regional Bulk Infrastructure Grant (RBIG)				
Balance unspent at beginning of year	24 235 517	34 288 140	24 235 517	34 288 140
Conditions met - withheld	(24 235 517)	(34 288 140)	(24 235 517)	(34 288 140)
Current-year receipts	100 000 000	121 334 000	100 000 000	121 334 000
Conditions met - transferred to revenue	<u>(89 704 424)</u>	<u>(97 098 483)</u>	<u>(89 704 424)</u>	<u>(97 098 483)</u>
	<u>10 099 596</u>	<u>24 235 517</u>	<u>10 099 596</u>	<u>24 235 517</u>

Conditions still to be met - remain liabilities (see note 15). This grant was received for the building and maintenance of water and sanitation infrastructure in the district. R24 235 517 was withheld by the National Treasury.

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	2023	2022 Restated ¹	2023	2022 Restated ¹
National: Department Roads and Transport				
Balance unspent at beginning of year	3 024 000	22 000	3 024 000	22 000
Conditions met - withheld	(3 024 000)	-	(3 024 000)	-
Current-year receipts:	3 143 000	3 000 000	3 143 000	3 000 000
Conditions met - transferred to revenue	<u>(3 143 000)</u>	<u>(3 143 000)</u>	<u>(3 143 000)</u>	<u>(3 143 000)</u>
Conditions still to be met - remain liabilities (see note 14):	-	<u>3 024 000</u>	-	<u>3 024 000</u>

National: MDG				
Balance unspent at beginning of year	122 448 763	112 334 797	122 448 763	112 334 797
Conditions met - withheld	(122 448 763)	(112 334 797)	(122 448 763)	(112 334 797)
Current-year receipts:	650 131 000	529 438 000	650 131 000	529 438 000
Conditions met - transferred to revenue	<u>(579 445 891)</u>	<u>(406 989 237)</u>	<u>(579 445 891)</u>	<u>(406 989 237)</u>
	<u>70 485 109</u>	<u>122 448 763</u>	<u>70 485 109</u>	<u>122 448 763</u>

Conditions still to be met - remain liabilities (see note 15). This grant was received for the building and maintenance of water and sanitation infrastructure in the district. R122 448 763 was withheld by the National Treasury.

National: MDG				
Balance unspent at beginning of year	-	-	-	-
Current-year receipts:	46 872 000	-	46 872 000	-
Conditions met - transferred to revenue	<u>(43 839 488)</u>	<u>-</u>	<u>(43 839 488)</u>	<u>-</u>
	<u>3 032 512</u>	<u>-</u>	<u>3 032 512</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 15). This grant was received for the building and maintenance of water and sanitation infrastructure in the district.

National: SITA Skills Development Grant				
Current-year receipts:	1 690 778	1 462 972	1 690 778	1 462 972
Conditions met - transferred to revenue:	<u>(1 690 778)</u>	<u>(1 462 972)</u>	<u>(1 690 778)</u>	<u>(1 462 972)</u>
Operating expenses	-	-	-	-

No funds have been withheld.

28. Employee related costs				
Basic Salaries	492 091 944	499 370 531	462 885 143	467 734 219
Bonus	33 400 035	31 549 378	31 649 708	29 379 699
Medical aid - company contributions	23 099 932	22 949 737	23 099 932	22 949 737
UIF	2 454 537	2 981 774	2 454 537	2 981 774
SDL	6 559 290	4 732 455	6 000 632	4 153 947
Bargaining Council Levy	117 816	117 816	117 816	117 816
Leave pay provision charge	5 247 389	-	3 925 324	-
Overtime payments	16 054 175	43 650 569	16 122 419	43 269 489
Long service awards	-	270 452	-	270 452
Acting allowances	2 031 714	2 334 912	2 031 714	2 334 912
Travel Allowances	34 934 281	34 883 747	34 934 281	34 883 747
Housing benefits and allowances	20 076 549	20 255 571	20 076 549	20 255 571
Telephone allowance	3 410 103	5 444 983	3 410 103	5 444 983
Contributions: Group Life Insurance	24 282 442	24 137 445	24 282 442	24 137 445
Defined Benefit Plan expense	12 234 000	4 692 139	12 234 000	4 692 139
Pensions - Company Contributions	61 870 580	67 953 603	57 926 702	64 095 871
Other Allowances	4 017 954	4 424 107	4 424 107	-
	<u>741 537 354</u>	<u>780 880 114</u>	<u>701 447 980</u>	<u>736 540 413</u>

REMUNERATION OF SECTION 57 EMPLOYEES:

Remuneration of Municipal Manager				
Annual Remuneration	531 432	651 649	531 432	651 649
Car Allowance	150 000	200 000	150 000	200 000
Contributions to UIF, SAGA, Group life and SDL	41 213	41 213	41 213	50 348
Leave Benefits	57 542	-	57 542	-
Cellphone Allowance	27 375	27 375	27 375	27 375
Acting Allowance	18 111	-	18 111	-
	<u>807 562</u>	<u>925 054</u>	<u>825 673</u>	<u>925 054</u>

The Municipal Manager contract expired on 31 December 2022. The new Municipal Manager was appointed on the 20 June 2023.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022	2023	2022
		Restated*		Restated*
28. Employee related costs (Continued)				
Remuneration of Chief Financial Officer				
Annual Remuneration	244 566	900 484	244 566	900 484
Car Allowance	74 515	524 975	74 515	524 975
Bonuses	24 993	82 972	24 993	82 972
Contributions to UIF, Sgisa, Group life and SDL	411 649	-	411 649	-
Leave Benefits	2 000	10 000	2 000	10 000
Cellphone Allowance	2 468	-	2 468	-
	765 189	1 520 432	765 189	1 520 432
CFO resigned on 31 July 2022. An acting CFO was appointed from the 07 August 2022 until 30 April 2023. The new CFO started on the 2nd of May 2023.				
Remuneration of Director: Community Services				
Annual Remuneration	1 124 480	1 159 944	1 124 480	1 159 944
Car Allowance	145 000	180 000	145 000	180 000
Bonuses	87 495	76 644	87 495	76 644
Contributions to UIF, Sgisa, Group life and SDL	84 347	82 824	84 347	82 824
Leave Benefits	247 443	-	247 443	-
Cellphone Allowance	30 000	10 500	30 000	10 500
	1 768 982	1 529 911	1 768 982	1 529 911
The contract of the director expired on the 31 May 2023. An acting director was appointed from July 2023.				
Remuneration of the Director: Corporate Services				
Annual Remuneration	289 444	893 730	289 444	893 730
Car Allowance	20 000	20 000	20 000	20 000
Contributions to UIF, Sgisa, Group life and SDL	20 708	45 959	20 708	45 959
Leave Benefits	-	220 970	-	220 970
Acting Allowances	16 973	-	16 973	-
Cellphone Allowance	-	-	-	-
Other Allowances	-	124 635	-	124 635
	347 327	980 659	347 327	980 659
Resigned on the 30 November 2021. The newly appointed director started on the 1st of March 2023.				
Remuneration of the Director: Human Settlement				
Annual Remuneration	295 358	1 179 203	295 358	1 179 203
Car Allowance	97 374	389 524	97 374	389 524
Bonuses	82 751	47 235	82 751	47 235
Contributions to UIF, Medical and Pension Funds	25 001	81 323	25 001	81 323
Leave Benefits	340 287	-	340 287	-
Acting Allowances	-	45 184	-	45 184
	840 773	1 762 430	840 773	1 717 248
Contract expired on 30 September 2022. The post has been abolished during the restructuring process.				
Remuneration of the Director: Technical Services				
Annual Remuneration	549 363	993 810	549 363	993 810
Car Allowance	90 000	180 000	90 000	180 000
Bonuses	47 512	82 818	47 512	82 818
Contributions to UIF, Sgisa, Group life and SDL	44 810	82 824	44 810	82 824
Leave Benefits	294 820	-	294 820	-
Cellphone Allowance	20 000	27 500	20 000	27 500
Housing Subsidy	90 000	180 000	90 000	180 000
Acting Allowances	13 848	-	13 848	-
	1 048 484	1 344 932	1 048 484	1 172 355
Resigned on 05 January 2023. The post has been abolished during the restructuring process.				
Remuneration of the Director: Office of the Executive Mayor				
Annual Remuneration	352 003	1 219 591	352 003	1 219 591
Car Allowance	30 000	120 000	30 000	120 000
Bonuses	50 814	101 633	50 814	101 633
Contributions to UIF, Sgisa, Group life and SDL	24 485	81 195	24 485	81 195
Leave Benefits	329 308	-	329 308	-
Cellphone Allowance	15 000	20 000	15 000	20 000
	487 604	1 622 419	487 604	1 622 419
Contract expired on 30 November 2022. The post has been abolished during the restructuring process.				
Remuneration of the Director: Rural and Economic Development				
Annual Remuneration	1 053 326	1 154 491	1 053 326	1 154 491
Car Allowance	154 845	180 000	154 845	180 000
Bonuses	115 989	74 208	115 989	74 208
Contributions to UIF, Sgisa, Group life and SDL	77 358	81 207	77 358	81 207
Leave Benefits	-	-	-	-
Cellphone Allowance	30 000	30 000	30 000	30 000
Acting Allowances	-	67 779	-	67 779
	1 431 518	1 610 185	1 431 518	1 610 185
The contract of the director expired on the 31 May 2023. An acting director was appointed from July 2023.				

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022	2023	2022
		Restated*		Restated*
28. Employee related costs (Continued)				
Remuneration of the Director: Internal Audit				
Annual Remuneration	1 424 194	1 000 211	1 424 194	1 000 211
Car Allowance	180 000	180 000	180 000	180 000
Bonuses	83 351	83 351	83 351	83 351
Subsidy	-	-	-	-
Contributions to UIF, Sgisa, Group life and SDL	84 828	71 385	84 828	71 385
Cellphone Allowance	31 918	27 500	31 918	27 500
	1 989 292	1 362 446	1 989 292	1 362 446
Remuneration of the Director: Speaker's Office / Legislature				
Annual Remuneration	239 355	1 164 207	239 355	1 164 207
Car Allowance	30 000	180 000	30 000	180 000
Bonuses	55 970	97 017	55 970	97 017
Contributions to UIF, Sgisa, Group life and SDL	15 415	81 075	15 415	81 075
Leave Benefits	89 442	-	89 442	-
Cellphone Allowance	-	24 171	-	24 171
	430 582	1 546 489	430 582	1 546 489
Contract expired on 29 August 2022. The post has been abolished during the restructuring process.				
Remuneration of the Director: Municipal Managers Office				
Annual Remuneration	1 250 623	1 187 459	1 250 623	1 187 459
Car Allowance	240 000	240 000	240 000	240 000
Contributions to UIF, Sgisa, Group life and SDL	93 706	84 431	93 706	84 431
Cellphone Allowance	24 844	27 500	24 844	27 500
Acting Allowances	8 582	-	8 582	-
	1 619 777	1 539 890	1 619 777	1 539 890
Remuneration of the Director: Infrastructure Water and Sanitation				
Annual Remuneration	1 027 091	1 031 412	1 027 091	1 031 412
Car Allowance	71 394	112 200	71 394	112 200
Contributions to UIF, Sgisa, Group life and SDL	2 044	81 255	2 044	81 255
Housing Subsidy	-	102 433	-	102 433
Leave Benefits	-	351 320	-	351 320
Cellphone Allowance	5 000	14 000	5 000	14 000
Acting Allowances	27 589	-	27 589	-
	213 418	1 692 820	213 418	1 692 820
The contract for Director Water Services ended 31 May 2022 and an acting director was appointed from the 01 August 2022 until 30 April 2023. The new director was appointed on the 2nd of May 2023.				
Remuneration of the Chief Executive Officer - Ntenga				
Basic Salary	1 479 840	1 357 745	1 479 840	1 357 745
Acting Allowance	-	32 590	-	32 590
Travel Allowance	-	170 973	-	170 973
Cellphone Allowance	-	22 578	-	22 578
Annual Bonus - 13th Cheque	85 329	90 103	85 329	90 103
Pension	185 672	172 053	185 672	172 053
	1 989 779	1 826 042	1 989 779	1 826 042
Remuneration of the Chief Financial Officer - Ntenga				
Basic Salary	1 247 509	796 101	1 247 509	796 101
Acting Allowance	-	377 829	-	377 829
Travel Allowance	158 876	125 870	158 876	125 870
Cellphone Allowance	-	14 892	-	14 892
Annual Bonus - 13th Cheque	63 533	40 777	63 533	40 777
Pension	-	102 024	-	102 024
	1 489 938	1 457 493	1 489 938	1 457 493
In the previous year the position was occupied by an acting incumbent. CFO was appointed on 03 April 2022.				
Remuneration of the Corporate Service Manager - Ntenga				
Basic Salary	1 146 297	1 254 848	1 146 297	1 254 848
Travel Allowance	154 460	159 743	154 460	159 743
Annual Bonus - 13th Cheque	132 081	93 491	132 081	93 491
Pension	143 308	161 398	143 308	161 398
Leave gratuity	142 535	-	142 535	-
	1 618 681	1 669 480	1 618 681	1 669 480
The contract for the previous Corporate Services Senior Manager expired on 08 April 2023. The position was subsequently occupied by an acting incumbent. The Corporate Services Senior Manager was appointed on the 12th May 2023.				

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022	2023	2022
		Restated*		Restated*
Remuneration of the Senior Manager Trading Enterprises - Ntanga				
Basic Salary	1 175 232	1 100 679	-	-
Travel Allowance	214 156	166 483	-	-
Annual Bonus - 13th Cheque	109 157	77 161	-	-
Pension	147 546	141 540	-	-
	<u>1 644 091</u>	<u>1 344 323</u>	-	-
Remuneration of the Company Secretary - Ntanga				
Basic Salary	915 332	385 341	-	-
Travel Allowance	66 355	31 245	-	-
Annual Bonus - 13th Cheque	50 417	41 790	-	-
Pension	115 131	50 097	-	-
Gratuity	-	59 115	-	-
	<u>1 147 235</u>	<u>567 688</u>	-	-
Company Secretary resigned on 31st July 2021. Upon her resignation Contracted Company Secretary services were employed. The permanent Company Secretary was employed on the 15th February 2023.				
29. Remuneration of councillors and Board Members				
Executive Mayor	1 097 303	894 763	1 097 303	894 763
Deputy Executive Mayor	890 235	749 381	890 235	749 381
Speaker	877 953	784 793	877 953	784 793
Chief Whip	829 012	741 657	829 012	741 657
Mayoral Committee Members	4 899 119	5 149 290	4 899 119	5 149 290
Councillors	10 978 243	10 496 083	10 978 243	10 496 083
Traditional Leaders	211 560	400 565	211 560	400 565
	<u>19 783 425</u>	<u>19 456 433</u>	<u>19 783 425</u>	<u>19 456 433</u>
Board of Directors - Ntanga				
Sitting allowances and re-imbursable travel costs	1 021 380	840 749	-	-
Accommodation and travel costs	92 825	-	-	-
	<u>1 114 205</u>	<u>840 749</u>	-	-
	<u>20 897 630</u>	<u>20 297 182</u>	<u>19 783 425</u>	<u>19 456 433</u>
In-kind benefits				
The Councillors occupying the position of Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. Each of these Councillors are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties. The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at less than market related rate. The Executive Mayor has use of a Council owned vehicle for official duties. The Mayor has one full-time bodyguard and a full-time driver.				
30. Depreciation and amortisation				
Property, plant and equipment	192 379 706	227 246 387	187 708 069	222 264 179
Intangible assets	400 243	586 635	318 118	303 473
	<u>192 779 949</u>	<u>227 833 022</u>	<u>188 026 187</u>	<u>222 567 652</u>
31. Impairment Loss				
Receivables from exchange transactions impair	80 956 284	84 939 386	80 956 284	77 180 988
Asset impairment adjustment	91 212 915	14 871 014	91 171 144	14 871 014
Decrecognised assets	-	2 700 775	-	2 700 775
	<u>172 169 199</u>	<u>102 511 175</u>	<u>172 127 428</u>	<u>94 752 777</u>
32. Bad Debts Written off				
Employee benefit obligation: Interest Cost	41 887 906	12 666 605	41 887 906	12 666 605
	<u>41 887 906</u>	<u>12 666 605</u>	<u>41 887 906</u>	<u>12 666 605</u>
33. Finance Costs				
Employee benefit obligation: Interest Cost	19 984 000	16 186 000	19 984 000	16 186 000
Finance leases	514 466	374 421	514 466	374 421
Other interest paid	8 843 619	8 843 619	4 101 956	8 733 453
	<u>25 989 117</u>	<u>23 404 240</u>	<u>24 600 422</u>	<u>23 294 074</u>
The "Other Interest paid" relates to interest paid to the Broom 120 Municipality, DWA and Telkom overdue accounts.				
34. Contracted services				
Professional Services	10 892 708	64 328 344	10 812 850	44 019 995
Outsourced Services	54 473 191	43 942 038	54 473 191	43 942 038
Contractors	108 301 587	28 494 100	98 527 677	23 957 491
	<u>173 667 486</u>	<u>136 764 482</u>	<u>163 813 718</u>	<u>111 919 724</u>

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022	2023	2022
		Restated*		Restated*
35. Transfers and Subsidies				
Transfers				
Ntanga Development Agency	-	-	51 016 041	46 557 098
	-	-	<u>51 016 041</u>	<u>46 557 098</u>
Subsidies				
Community projects	85 272 361	18 602 111	89 047 628	22 271 788
Free Basic Services	18 543 003	21 830 266	18 543 003	21 830 266
Social Aid	9 270 427	9 270 421	9 270 427	9 270 421
	<u>106 706 771</u>	<u>50 358 798</u>	<u>110 801 038</u>	<u>54 028 475</u>
	<u>106 706 771</u>	<u>50 358 798</u>	<u>161 817 079</u>	<u>100 585 573</u>
Community Projects				
Community Projects are in respect of local economic development projects within the municipality's area of jurisdiction.				
Free Basic Services				
Free Basic Services are programmes aimed at providing free basic service levels to indigent households.				
Local Municipalities				
Local Municipalities are municipalities within the jurisdiction of OR Tambo district municipality.				
Municipal Entities				
Municipal Entities are entities under control of the municipality to enable the entities to fulfil their mandates. The municipality currently has one municipal entity which is Ntanga Development Entity.				
Social Aid				
Social Aid constitutes social assistance programmes aimed at improving the social condition of people within the municipality's area of jurisdiction.				
36. Inventory Consumed				
Inventory Consumed - General Stores	24 077 144	23 924 920	24 077 144	23 924 920
Inventory Consumed - Water	12 448 733	16 466 344	12 448 733	16 466 344
Inventory Consumed - Ntanga	10 293 077	11 498 215	-	-
	<u>46 818 954</u>	<u>51 889 479</u>	<u>36 525 877</u>	<u>40 391 264</u>
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Water is purchased from the Department of Water Affairs.				
37. Inventory Losses				
Water Losses	8 564 075	11 439 667	8 564 075	11 439 667
	<u>8 564 075</u>	<u>11 439 667</u>	<u>8 564 075</u>	<u>11 439 667</u>
Water Losses occur due to inter alia, leakage, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported. Refer to note 2 and note 33.				
38. Operational Costs				
Advertising, Publicity and Marketing	2 053 287	1 075 697	2 144 886	996 480
Assets less than capital threshold	1 000	129 224	1 000	129 224
Bank Charges, Facility and Care Fees	570 960	987 512	566 615	672 260
Bargaining council	7 844 983	7 279 748	7 844 983	7 279 748
Cleaning Materials	925 411	568 547	901 003	568 110
Commission fees	68 733	173 755	-	-
Communication	11 751 059	8 194 618	11 751 059	7 230 567
Courier and delivery service	891	500	-	-
Customer Discounts	399 860	142 488	399 860	142 488
Municipal Services	58 016 516	91 146 901	56 313 534	89 023 566
Entertainment	25 630	51 017	25 630	51 017
External Audit Fees	13 192 449	13 544 709	11 140 844	11 401 249
External computer services	2 748 307	9 078 999	2 453 376	9 078 999
File charges	10 934 427	10 700 844	10 934 427	15 602 844
Insurance underwriting	2 721 513	4 400 874	2 721 513	4 400 874
Learnship and Internships	12 900 896	13 295 909	12 725 319	13 274 357
Licences	1 027 939	1 110 057	1 027 939	1 110 057
Other Operational Costs	64 144	519 810	-	-
Printing, publications and books	3 270 172	2 071 774	3 141 966	1 865 318
Professional bodies, membership and subscription	159 202	66 309	144 289	54 110
Registration Fees	330 562	1 793 124	330 562	1 793 124
Travelling and Subsistence	31 919 340	23 471 223	31 921 663	23 427 428
Uniform and protective clothing	3 071 521	221 630	3 071 521	169 359
Welfare	27 444 157	19 275 798	27 147 273	18 064 142
	<u>192 870 323</u>	<u>214 442 747</u>	<u>186 810 420</u>	<u>206 806 123</u>
The amounts disclosed above for Other operational costs are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.				

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*
39. Gains / (Losses) on disposal of assets				
Losses				
Losses on sale of Furniture and office Equipment	-	298 649	-	298 649
Losses on sale of Machinery and Equipment	2 208	86 480	2 208	86 480
	2 208	385 129	2 208	385 129
Proceeds: Furniture, Computers and Machinery Carrying Value: Furniture, Computers and Machinery	-	(14 392)	-	(14 392)
	2 208	399 520	2 208	399 520
	2 208	385 128	2 208	385 128
Gains				
Gains on sale of Transport asset	(2 251)	(1 030 323)	-	(1 030 323)
	(2 251)	(1 030 323)	-	(1 030 323)
Proceeds: Sale of vehicles Carrying value: Vehicles Sold	-	(4 659 746)	-	(4 659 746)
	-	3 629 443	-	3 629 443
	(7 043)	(645 194)	2 208	(1 030 323)
				(645 194)
40. Reversal of Impairment				
PF - Infrastructure Assets	4 224 045	26 666	4 224 045	26 666
Levy Provision Adjustment	2 495 422	-	2 495 422	-
	6 723 467	26 666	6 723 467	26 666
41. Actuarial Gains / (Losses)				
Health Care Benefits	61 965 000	1 566 000	61 965 000	1 566 000
Long Service Awards	13 298 000	12 298 000	13 298 000	12 298 000
	75 274 000	13 864 000	75 274 000	13 864 000

42. Financial Instruments disclosure

ECONOMIC ENTITY - Categories of financial instruments

Classification	2023	2022
		Restated*
Financial assets		
Receivables from Exchange - Sewerage	29 598 538	28 589 909
Receivables from Exchange - Water	106 040 774	108 221 853
Receivables from Exchange - Other Receivables	23 620 689	17 987 801
Receivables from Non-Exchange - Short-term Loans	454 737	1 111 067
Receivables from Non-Exchange - Sundry debtors	631 365	878 182
Cash and cash equivalents - Call deposits	182 059 360	321 668 429
Cash and cash equivalents - Bank Balances	285 796 709	67 054 932
Cash and cash equivalents - Petty Cash	3 631	12 918
	627 197 753	545 517 092
Financial liabilities		
Payables from exchange transactions - Trade Creditors	288 433 714	439 140 004
Payables from exchange transactions - Retentions	99 575 668	85 447 913
Payables from exchange transactions - Other Creditors	4 827 948	177 744
Payables from Non-Exchange transactions	43 348 491	30 523 428
	437 205 821	655 389 089

CONTROLLING ENTITY - Categories of financial instruments

Classification	2023	2022
		Restated*
Financial assets		
Receivables from Exchange - Sewerage	29 598 538	28 589 909
Receivables from Exchange - Water	106 040 774	108 221 853
Receivables from Exchange - Other Receivables	21 339 614	17 235 836
Receivables from Non-Exchange - Short-term Loans	454 737	1 111 067
Receivables from Non-Exchange - Sundry debtors	664 965	878 181
Cash and cash equivalents - Call deposits	179 261 216	319 429 991
Cash and cash equivalents - Bank Balances	284 894 242	44 371 366
	621 176 267	597 938 303
Financial liabilities		
Payables from exchange transactions - Trade Creditors	293 221 038	441 746 822
Payables from exchange transactions - Retentions	99 575 668	85 447 913
Payables from exchange transactions - Other Creditors	4 827 948	177 744
Payables from Non-Exchange transactions	43 521 476	28 191 557
	443 246 130	566 564 036

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*

43. Related Party Transactions

All Related Party Transactions are conducted at arm's length, unless stated otherwise. These transactions are eliminated during the consolidation process in line with the requirements of GRAP 35.

Interest of Related Parties

No Related Party Interests have been identified/declared for the two financial years under review.
OR Tambo Hinga Development Agency is wholly controlled by the municipality.
OR Tambo Hinga Development Agency is utilising free offices provided by the municipality.

Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councilors, Management Staff and Public with effect from 1 July 2004.

Loans to Local Municipalities

Between 2008 and 2009 OR Tambo made payments amounting of R8 741 167.29 to Port St Johns municipality in a form of a loan. Due to continued cash flow problems at Port St Johns, its council offered a piece of land valued R8 800 000 to OR Tambo as a settlement of the loan. The official transfer of ownership of the land did not occur and in 2010 Port St Johns municipality indicated that the size of the land offered was reduced to 3.5 hectares. Based on this OR Tambo implied the land value initially capitalised and reduced it to R2 200 000. In 2019/20 financial year this balance was reclassified as Long-term debtor and Impaired in full.

Compensation of Related Parties

Compensation of key Management Personnel and Councilors is set out in Notes 28 and 29 to the Annual Financial Statements. The names and positions of key management personnel are as follows:

Controlling entity (ORT DM)

Mase B.P.	Municipal Manager
Ndadlala S.	Chief Financial Officer
Ntshongala E.	Director: Municipal Manager's Office
Noamase S.	Director: Rural Economic Development Programme
Ntingwa N.	Acting Director: Community and Social Services
Qobka L.D.	Director: Water and Sanitation Services
Nombata L.	Director: Corporate Services
Manda S.	Director: Internal Audit
Mitshizwe S.W.	Former Municipal Manager (Terminated - 31/12/2022)
Moleko M.E.	Former Chief Financial Officer (Terminated - 31/07/2022)
Dunywo P.A.J.	Former Director: Rural Economic Development Programme (Terminated - 31/05/2023)
Madzizela L.	Former Director: Community and Social Services (Terminated - 31/05/2023)
Mkhanda N.	Former Director: Human Settlement (Terminated - 30/09/2022)
Ndwandwa M.	Former Director: Technical Services (Terminated - 05/01/2023)
Mbotane N.	Former Director: Office of the Executive Mayor (Terminated - 30/11/2022)
Tseane T.	Former Director: Speakers Office / Legislature (Terminated - 29/08/2022)

Controlled entity (Hinga)

Moko L.	Chief Executive Officer
Santwa S.	Chief Financial Officer
Mkhwebane Zembe D.	Corporate Service Manager
Zimboia M.	Senior Manager Trading Enterprises
Hlodivwana S.	Company Secretary

Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

Other Related Party Transactions

Grants paid by the Municipality

Grants paid to Hinga OR Tambo Development Agency include funds for administration costs and operations at Adam Kok Farms. A breakdown of Hinga OR Tambo Development Agency transactions is as follows:

Hinga OR Tambo Development Agency - Operational Grants	51 014 041	51 340 724
Hinga OR Tambo Development Agency - Consulting Fees on Infrastructure projects	-	670 824
	\$1 014 041	\$2 011 548

The municipality did not make any cash transfers to the local municipalities in current year however in-kind transfers and subsidies disclosed under note 35 were made to local municipalities within the jurisdiction of OR Tambo District.

In-kind donations and assistance

The municipality provides internal audit support and risk management function to Hinga Development Agency at no cost. Office accommodation and related municipal services are provided by the municipality at no cost to the Entity.

Service Delivery services management with Hinga Development Agency

The Entity is assigned a function of repaying and maintaining water schemes in rural and peri-urban areas. The entity is a paymaster for water scheme operators appointed by the municipality. The entity is reimbursed for these functions.

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	2023	2022	2023	2022
		Restated*		Restated*

44. Principal and Agents Related Transactions

Principal - Eastern Cape Department of Housing

In 2023/21 the municipality entered into new agreements with the Eastern Cape Department of Housing wherein the municipality was appointed as a project manager or agent. In terms of these agreements the municipality does not bear the risks associated with the construction of houses. According to the agreement the municipality is not entitled to any commission or agency fees for the implementation of the housing programme.

Transaction	2023	2022	2023	2022
		Restated*		Restated*
Opening balance	36 040 511	54 292 744	36 040 511	54 292 744
Housing Grant Received	54 956 892	3 379 883	54 956 892	3 379 883
Expenditure	(47 277 867)	(21 612 136)	(47 277 867)	(21 612 136)
Unspent of year end	<u>43 719 536</u>	<u>36 060 511</u>	<u>43 719 536</u>	<u>36 060 511</u>

There were no liabilities incurred on behalf of a principal that have been recognised by the municipality

Agent - Amatola Water Board

The municipality has an agreement with the Amatola Water Board for the Implementation water infrastructure projects. Amatola charges the municipality 5% of project cost as agency fees. The work in progress and the revenue recognised from the projects implemented by Amatola is recorded and disclosed by the municipality. The following balances relate prepayments at end of year:

Amatola water board refunded OR Tambo DM an amount of R46 million in June 2022 being a reaming balance of the pre-payments made by OR Tambo in prior year years.

Outstanding Amatola Water Payments	2023	2022	2023	2022
		Restated*		Restated*
	97 811 250	24 712 746	97 811 250	24 712 746
	<u>97 811 250</u>	<u>24 712 746</u>	<u>97 811 250</u>	<u>24 712 746</u>

Agency Fees Paid	2023	2022	2023	2022
		Restated*		Restated*
	4 411 770	5 634 656	4 411 770	5 634 656
	<u>4 411 770</u>	<u>5 634 656</u>	<u>4 411 770</u>	<u>5 634 656</u>

On termination of the agreement as a result of force majeure, OR Tambo DM shall pay Amatola Water Board an amount equal to the aggregate of any contractor's costs that have been reasonably and properly incurred as a direct result of the agreement up until the termination date to the extent that Amatola Water has used reasonable endeavours to mitigate losses together with implementing agency fees and any other costs that Amatola water is entitled to claim in terms of the agreement.

45. Commitments

Authorised capital expenditure

Already contracted for but not provided for	2023	2022	2023	2022
		Restated*		Restated*
- Infrastructure	815 012 493	807 773 061	815 012 493	807 773 061
Not yet contracted for and authorised by accounting officer	-	-	-	-
- Infrastructure	-	-	-	-
Total commitments	<u>815 012 493</u>	<u>807 773 061</u>	<u>815 012 493</u>	<u>807 773 061</u>

This committed expenditure relates to infrastructure and will be financed from Government grants.

46. Contingencies

General Claims:

Claim Description	2023	2022	2023	2022
		Restated*		Restated*
- Keliffrey and Sigaba - Mvezo Plant and Civis filed a claim against the municipality for breach of certain agreement.	-	-	970 000	970 000
- Keliffrey Inc - Ungabanku Construction filed a claim for damages and loss of profit resulting from the delay in payment of a retention fee that was later paid after a court judgement was issued against the municipality.	16 129 025	16 129 025	-	-
- S&K Consultants - The applicant demands payment for the services rendered	420 900	-	-	-
- Itwe Planning Consultancy - The applicant demands payment for the services rendered	1 793 447	-	-	-

Labour Related Claims:

Claim Description	2023	2022	2023	2022
		Restated*		Restated*
- Mkhongoseli Attorneys - Claims for defamation of character	-	-	-	2 000 000
- Mantlana Incorporated - Claim by dismissed employee to be reinstated to employment.	-	-	-	-
- Brown Braude & Vink - Claim by dismissed employee to be reinstated to employment.	-	-	-	-
- Gedofy Attorneys - Claim by dismissed employee to be reinstated to employment.	-	-	-	-
- Muller Attorneys - Claim by dismissed employee to be reinstated to employment.	-	-	-	-
- A.S. Zono & Associate - Claim by dismissed employee to be reinstated to employment.	-	-	-	-
- Mihabe Inc. - Claim by dismissed employee for review of the arbitration award.	-	-	-	-

Claims for Damages:

Claim Description	2023	2022	2023	2022
		Restated*		Restated*
- Jatta Attorneys - Claims for three children drowned in the trench in Poyner's Farm	10 000 000	10 000 000	-	-
- Mvezo Hoebel Attorneys - Claim for a child drowned in Qumbu	2 000 000	2 000 000	-	-
	<u>12 000 000</u>	<u>12 000 000</u>	-	-

Claims for Damages to Property:

Claim Description	2023	2022	2023	2022
		Restated*		Restated*
- Hogame Inc. - Claim for water damages to property in Mthatha Location	-	-	800 000	-
- Khoyalethu Nondzulo Attorney - Claim for damages to a vehicle	-	-	136 200	-
	-	-	<u>936 200</u>	-
	<u>31 883 392</u>	<u>32 085 225</u>		

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Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022	2023	2022
		Restated**		Restated**

Contingent Assets

(I) Payment of Covid-19 allowance for level 3, 4 and 5:

The municipality has established a task team to determine the amount that should be paid back by employees with respect to the Covid-19 allowance for level 3, 4 and 5.

(II) Claims against former employees:

- A.S. Zono & Associate - Claim for legal costs by the municipality against a dismissed employee.	264 000
- Mkhongoseli Attorneys - Claim for legal costs by the municipality against a dismissed employee.	361 310
- A.S. Zono & Associate - Claim for legal costs by the municipality against a dismissed employee.	130 000
	<u>755 310</u>

Controlled Entity

Man Truck & Bus (Pty) Ltd: The Entity is a second defendant on a matter involving a collision between a truck and a cow at Adam Kok Farms.

CE Du Plessis and 1 other vs OR Tambo District Municipality, Defendant is OR Tambo District Municipality and Hingga is the second respondent. Plaintiffs alleges that their respective properties were damaged by fires which came from Adam Kok Farms owned by CRTDM and managed by Hingga. The matter is being defended by the municipality.

Tanzile Kanise vs OR Tambo District Municipality, Defendant is OR Tambo District Municipality and Hingga is the second respondent. Mr. Z.L. Kanise is employed by Hingga. At per request of CRTDM, the was seconded at CRTDM, Executive Manager Office without any documentation. It is alleged that he acted as a Policy Analyst on secondment from Hingga.

Banete Munda vs Kel Fresh Produce Market. The matter is between Kel Fresh Produce Market and its former employee. It happened before the market was transferred to Hingga by the municipality. The matter relates to an alleged unfair labour practice.

Sheriff of the Court - Kokstad vs Hingga. The Sheriff is claiming reimbursement of costs incurred after eviction of livestock at Adam Kok Farms. Hingga is challenging the matter.

Ms Gwavu vs Kel Fresh Produce Market / Hingga. Ms Gwavu was dismissed in 2011 by Kel Fresh Produce Market for gross negligence and the lost of funds before the market was incorporated into Hingga. An out of court settlement was reached between the parties and it was settled by the District Municipality after year end.

Sontongone Vuyani vs Hingga. In December 2019 the entity received summons dated 14 October 2019 alleging that the claimants vehicle hit a cow belonging to the entity. The matter is being defended.

Ayanda Mgeded V Hingga OR Tambo Development Agency Soc Ltd - The plaintiff is suing Hingga for malicious arrest and prosecution stemming from a charge of theft said with the police. At the time of the charges the plaintiff was an employee with the position of Daily Manager and Administrative Bookkeeper at lived Daily Farm. The former employee is accused of stealing milk to the amount of R37272.60 between 01 - 30 October 2012 and 01 January 2013 to 31 March 2013.

47. Prior-year adjustments

Presented below are those items contained in both statement of financial position and the statement of financial performance that have been affected by prior-year adjustments:

Statement of Financial Position	As previously reported	Correction of error	Restated	Reference	As previously reported	Correction of error	Restated
Inventories	15 804 517	-	15 804 517		11 591 205	-	11 591 205
Receivables from Exchange Transactions	158 883 057	510 700	159 393 757	P.01	158 774 171	510 700	159 284 871
Receivables from Non-exchange Transactions	1 386 049	603 200	1 989 249	P.02	1 386 048	603 200	1 989 248
Prepayments	565 550	-	565 550		304 442	-	304 442
Statutory Receivables	59 946 711	4 916 405	64 863 116	P.08	59 946 711	4 916 405	64 863 116
Cash and Cash Equivalents	388 738 279	-	388 738 279		383 801 357	-	383 801 357
Property, Plant and Equipment	7 299 909 345	507 138 104	7 807 047 449	P.04	7 248 643 140	507 138 104	7 755 801 244
Intangible Assets	856 406	-	856 406		636 046	-	636 046
Heritage Assets	247 025	-	247 025		247 025	-	247 025
Biological Assets	14 547 554	-	14 547 554		-	-	-
Consumer Deposits	(3 312 153)	-	(3 312 153)		(3 312 153)	-	(3 312 153)
Employee Benefit Liabilities	(106 576 220)	-	(106 576 220)		(100 914 752)	-	(100 914 752)
Payables from Exchange Transactions	(493 495 013)	(62 834 285)	(556 329 298)	P.06	(488 259 971)	(70 674 148)	(558 934 119)
Payables from Non-exchange Transactions	(41 747 983)	2 574 427	(39 173 556)	P.06	(41 321 014)	2 674 427	(38 746 587)
Unspent Conditional Grants and Receipts	(188 432 584)	542 468	(187 890 116)	P.07	(188 230 015)	-	(188 230 015)
VAT Payable	(13 502 173)	-	(13 502 173)		-	-	-
Current Portion of Finance Lease Liabilities	(2 481 180)	-	(2 481 180)		(2 413 901)	-	(2 413 901)
Finance Lease Liabilities	(1 705 452)	5 484 000	(1 705 452)	P.06	(1 705 452)	5 484 000	(1 705 452)
Employee Benefit Liabilities	(148 847 000)	-	(148 847 000)		(148 847 000)	-	(148 847 000)
Revaluation Surplus	(11 977 458)	-	(11 977 458)		(11 977 458)	-	(11 977 458)
Accumulated surplus / (Deficit)	(6 529 550 789)	(473 503 045)	(7 103 053 834)	P.09	(6 547 831 063)	(466 661 205)	(7 014 492 268)
	293 268 906	(14 345 844)	278 923 062		304 559 364	(14 908 514)	289 650 850

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	As previously reported	Correction of error	Restated	As previously reported
47. Prior-year adjustments (Continued)				
Statement of Financial Performance				
Service Charges	(303 752 914)	-	(303 752 914)	(303 752 914)
Rental of Facilities and Equipment	(415 672)	-	(415 672)	(33 855)
Interest Earned - External Investments	(10 902 473)	-	(10 902 473)	(10 790 074)
Interest Earned - Outstanding Debtors	(32 877 677)	-	(32 877 677)	(32 877 677)
Operational revenue	(14 856 073)	-	(14 856 073)	(3 198 974)
Income from Agency Services	(347 018)	-	(347 018)	(203 182)
Government Grants and Subsidies Received	(1 524 718 644)	-	(1 524 718 644)	(1 524 718 644)
Employee Related Costs	775 643 839	5 236 275	780 880 114	F_10 731 304 138
Remuneration of Councilors and Board Members	20 297 202	-	20 297 202	19 454 433
Depreciation and Amortisation	234 909 826	(9 056 804)	225 853 022	P_11 231 444 456
Impairment Losses	102 511 175	-	102 511 175	94 752 777
Bad Debts Written off	12 646 625	-	12 646 625	12 646 625
Finance Costs	21 819 477	1 584 743	23 404 240	P_12 21 709 311
Contracted Services	127 995 672	8 788 810	136 784 482	P_12 123 150 914
Transfers and Subsidies	53 695 841	(33 337 043)	20 358 798	P_12 103 922 616
Inventory Consumed	44 793 844	5 094 115	51 889 979	P_12 32 295 149
Inventory Losses	11 439 647	-	11 439 647	11 439 647
Operational Costs	207 844 370	6 596 397	214 440 767	P_12 200 209 724
Gains / (Losses) on disposal of assets	(645 194)	-	(645 194)	(645 194)
Reversal of Impairment	(26 644)	-	(26 644)	(26 644)
Actualized Gains / (Losses)	(13 844 000)	-	(13 844 000)	(13 844 000)
Biological Assets - Gains	(5 711 732)	-	(5 711 732)	-
Gains / (Losses) on disposal of Biological Assets	(1 203 559)	-	(1 203 559)	-
Biological Assets - Losses	440 180	-	440 180	-
	(293 248 904)	14 908 513	(278 340 391)	(290 695 344)
Cash Flow Statement				
Service Charges	214 676 177	(2 145 087)	212 531 090	212 324 193
Interest Income	22 932 995	-	22 932 995	22 820 598
Other receipts	18 125 549	(1 194 433)	17 931 116	4 247 841
Transfers and subsidies	1 583 550 317	-	1 583 550 317	1 585 487 924
Employee related costs	(772 240 806)	(5 236 275)	(777 477 081)	(738 352 419)
Remuneration of Councilors	(19 454 433)	-	(19 454 433)	(19 454 433)
Finance Costs	(5 633 477)	(1 584 743)	(7 218 240)	(5 029 311)
Suppliers Paid	(85 849 321)	45 480 147	(40 369 174)	(49 848 071)
Other payments	(515 301 458)	(9 340 094)	(524 641 552)	(511 026 444)
Net cash flows from operating activities	443 784 943	25 970 515	469 755 458	443 045 840
Purchase of property, plant and equipment	(459 194 670)	(26 481 214)	(485 675 884)	(459 070 556)
Proceeds on Disposal of Fixed Assets	5 930 397	510 700	6 441 097	4 474 107
Purchase of intangible assets	-	-	-	5 184 897
Purchase of Biological assets	(218 347)	-	(218 347)	-
Proceeds on Disposal of Biological assets	244 291	-	244 291	-
Net cash flows from investing activities	(453 220 329)	(25 970 514)	(479 190 843)	(454 396 389)
Acquisitions of Long term loans	-	-	-	(3 721 006)
(Repayments) of Long term loans	(2 548 115)	-	(2 548 115)	-
Net cash flows from financing activities	(2 548 115)	-	(2 548 115)	(2 251 144)
Net increase/(decrease) in cash and cash equivalents	(11 984 101)	-	(11 984 100)	(13 401 703)
Cash and cash equivalents at the beginning of the year	400 712 378	-	400 712 378	397 403 054
Cash and cash equivalents at the end of the year	388 728 278	-	388 728 278	383 801 351

Explanations

P_01 - Receivables from Exchange Transactions

Receivables from Exchange Transactions were adjusted as follows:

Item	Amount	Comments
Payables from Non-exchange Transactions	310 730	Proceeds from disposal of assets that were still with the auctioneer at year-end.
	510 700	

P_02 - Receivables from Non-exchange Transactions

Receivables from Non-exchange Transactions were adjusted as follows:

Item	Amount	Comments
Overpayment to contractors	(516 000)	Correction of duplicated transactions
Staff debtors	919 000	Reversal of Salary deduction processed against Staff debtor accounts
	403 000	

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	As previously reported	Correction of error	Restated	As previously reported

47. Prior-year adjustments (Continued)

P_03 - VAT Receivables

VAT Receivable has been restated with the following:

Item	Amount	Comments
Trade Payables	4 916 452	VAT on accruals omitted in the prior year
	4 916 452	
P_04 - Property Plant and Equipment		
Property plant and equipment was restated with the following:		
Item	Amount	Comments
Transport Assets	(201 382)	Removal of Disposed off assets
Infrastructure Assets	39 899 806	Completed projects not recorded in the IAR and WIP Register
Infrastructure Assets	419 410 299	Completed projects not transferred to completed asset register
Infrastructure Assets	(32 880 214)	Correction of Accumulated Depreciation
Infrastructure Assets	1 515 633	Correction of Impairment
Infrastructure Assets	(2 839 548)	Removal of Alfred Nzo Assets in CAP Register
Infrastructure Assets	(845 445 576)	Reversal of incomplete projects recorded in the IAR
Infrastructure Assets	(178 552)	Transfer of Kokstad farms assets not transferred to Ntanga
Infrastructure WIP	(446 154 910)	Completed Assets transferred to Completed assets
Infrastructure WIP	(88 677 066)	Correction of Tsolo Project transferred back to WIP
Infrastructure WIP	(37 922 282)	Expensing of KSD Benchtop upgrade project
Infrastructure WIP	946 658 941	Incomplete projects transferred back to WIP
Infrastructure WIP	(88 854)	Re-allocation maintenance
Infrastructure WIP	854 545	Recording of omitted accruals
Infrastructure WIP	569 145 848	Recording of projects not included in WIP
Furniture and Fittings	2 443 447	Recording of newly identified assets
Machinery and Equipment	632 397	Recording of newly identified assets
Computer Equipment	856 353	Recording of newly identified assets
	507 198 104	

P_05 - Payables from Exchange Transactions:

Payables from Exchange Transactions were adjusted with the following:

Item	Amount	Comments
Trade Creditors	32 993 434	Recording of accruals omitted in the prior year
Retention	17 687 711	Correction of retention
Trade Creditors	(7 841 806)	Amount owed to fittings not eliminated
	22 834 284	

P_06 - Payables from Non-exchange Transactions:

Housing grant expenditure

Amount	Comments
2 576 427	Recording of housing grant expenditure omitted in the prior year
2 576 427	

P_07 - Unspent Conditional Grants and Receipts

Unrecorded prior year expenditure

Amount	Comments
562 648	Unrecorded prior year expenditure
562 648	

P_08 - Employee Benefit Liabilities

Employee Benefit Liabilities

Amount	Comments
5 684 000	Adjustment of prior year overvalued Long Service Award
5 684 000	

P_09 - Accumulated Surplus

Accumulated Surplus was restated with the following:

Item	Amount	Comments
Trade Creditors	(15 076 551)	Recording of accruals omitted in the prior year
Infrastructure assets	(72 615 396)	Correction of infrastructure accumulated depreciation
Infrastructure WIP	57 922 282	Expensing of Subsidy to KSD electricity upgrade projects
Infrastructure WIP	(442 677 215)	Recording of WIP omitted in the register
Infrastructure assets	2 839 548	Kokstad farms not transferred to Ntanga
Infrastructure assets	1 78 552	Removal of Alfred Nzo assets
Surplus Debtors	(5 684 000)	Prior year salary recoveries not deducted from Salaries
Trade Creditors	(701 025)	Amount owed to fittings not eliminated
	(465 441 259)	

Cash Flow Statement

Cash Flow Statement was affected by the changes mentioned above.

P_10 Employee Related Costs

The restatements of employee related costs is due to prior salary not effected against the salaries

P_11 Depreciation and Amortisation

The restatement on this item was as a result of 2022 depreciation reversal of assets reclassified from completed assets back to WIP.

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	<u>Economic Entity</u>	<u>Controlling Entity</u>
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Figures in Rand

47. Prior-year adjustments (Continued)

F_12 Finance Costs, Transfers and Subsidies, Inventory Consumed and Operational Costs

The restatements on these items are as a result of accruals omitted in the prior year.

Capital Commitments

Capital commitments have been restated from R842 748 461 to R807 773 061.

Fuelless and Wasteful Expenditure

Fuelless and wasteful expenditure has been restated by (R1 217 476) being an increase of R1 586 542 for VIP security as well as a decrease of (R2 804 218) being correction of Covid 19 level 3 danger allowance.

Irregular Expenditure

Irregular Expenditure was restated by R1 682 910 being payments made to an expired contract for motor vehicle tracking system.

48. Comparative figures

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 47).

49. Risk management

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. Maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

	2023	Less than 1 year	Between 2 and 5 years	Over 5 years
Financial liabilities - Amortised at cost				
Payables from exchange transactions - Trade Creditors	288 433 714	288 433 714	-	-
Payables from exchange transactions - Retentions	99 575 668	99 575 668	-	-
Payables from exchange transactions - Other Creditors	4 827 768	4 827 768	-	-
Payables from Non-Exchange transactions	44 368 491	44 368 491	-	-
Consumer Deposits	3 648 876	3 648 876	-	-
Long-term and Current portion of Finance Lease Liabilities	3 433 045	3 433 045	2 461 065	-
Financial liabilities - Amortised at cost				
	2022	Less than 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - Trade Creditors	439 140 004	439 140 004	-	-
Payables from exchange transactions - Retentions	85 447 913	85 447 913	-	-
Payables from exchange transactions - Other Creditors	177 744	177 744	-	-
Payables from Non-Exchange transactions	30 523 428	30 523 428	-	-
Consumer Deposits	3 312 153	3 312 153	-	-
Long-term and Current portion of Finance Lease Liabilities	2 481 182	2 481 182	1 705 452	-

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities. Financial assets exposed to credit risk at year end were as follows:

	2023	2022
Financial assets - Amortised at cost		
Receivables from Exchange - Sewerage	29 598 538	28 589 909
Receivables from Exchange - Water	105 042 774	108 221 853
Receivables from Exchange - Other Receivables	23 620 489	17 987 801
Receivables from Non-Exchange - Short-term Loans	454 737	1 111 047
Receivables from Non-Exchange - Sundry debtors	631 345	878 182
Cash and cash equivalents - Call deposits	182 057 360	321 660 429
Cash and cash equivalents - Bank Balances	283 756 709	47 054 952
Cash and cash equivalents - Petty Cash	3 631	12 918

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances. The municipality limits its counterparty exposures from its money market investment operations by only dealing with registered banks (Absa Bank, First National Bank, Nedbank, Investec and Standard Bank). No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of service debtors, dispersed across different households and geographical areas. Consumer debtors are presented net of a provision for impairment, in the case of debtors whose accounts become in arrears. It is endeavored to collect such accounts by 'levying of penalty charges', 'demand for payment', 'hastion of services' and, as a last resort, 'handed over for collection', whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly, the municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates. The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

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	<u>Economic Entity</u>	<u>Controlling Entity</u>
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Figures in Rand

49. Risk management (Continued)

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

Cash and Cash Equivalents

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

Surplus for the year ended 30 June 2023 would have increased / decreased by R3 152 366 (30 June 2021: R2 344 073). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure to its counterparties are monitored regularly. Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Banks, Cash and Cash Equivalent

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank, Standard Bank and Investec. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for sewerage and water services rendered to them.

The municipality limits this risk exposure in the following ways. In addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings. The table below shows the balance of the 5 major counterparties of the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties they have been included in the Provision for Impairment of Consumer Debtors.

50. Going concern

The inter-governmental relations between the National Treasury and other grant transferring departments have improved since the inauguration of the new council. The equitable share and other conditional grants, withheld were released to the municipality. The municipality is however still technical insolvent as the total for current liabilities surpasses the total for current assets.

51. Events after the reporting date

There were not significant events occurred subsequent to the year end.

52. Private Public Partnerships

The municipality was not a party to any Private Public Partnerships during the year under review.

53. Unauthorised expenditure

Opening balance	38 189 089	6 337 427	38 189 089	6 337 427
Add: Unauthorised expenditure current year	17 351 915	31 851 661	71 351 915	31 851 661
per vote	(5 140 277)	-	(5 140 277)	-
Less: Amounts written off	104 400 727	38 189 089	104 400 727	38 189 089

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Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand				
54. Fruitless and wasteful expenditure				
Opening balance	56 343 858	50 751 024	56 342 306	50 747 472
Restatements	(1 217 674)	-	(1 217 674)	-
Restated balance	55 126 182	50 751 024	55 124 630	50 747 472
Add: Fruitless expenditure current year	14 404 491	5 592 834	14 942 260	5 592 834
Less: Amounts written off	(505 101)	-	(505 101)	-
Less: Amounts recovered	(1 552)	-	-	-
	71 024 020	56 343 858	69 581 789	56 342 306

Controlling Entity

Fruitless and wasteful expenditure has been restated by (R1 217 674) being an increase of (R1 586 542) for VIP security as well as a decrease of (R2 804 218) being correction of Covid 19 level 3 danger allowance.

Controlled Entity

Incidents	Disciplinary steps taken/criminal proceedings
Interest and penalties were incurred in relation to over due amounts for Auditor General - Audit Fees (R336,856) and South African Revenue Services - VAT (R1,005,174)	Processes to have amnesty in relation to these amounts are being followed with the two institutions.

55. Irregular Expenditure

	Economic Entity		Controlling Entity	
Restated Opening balance	1 805 746 758	1 690 797 633	1 804 174 054	1 689 224 929
Add: Irregular Expenditure - current year	172 024 139	113 266 215	170 766 013	113 266 215
Irregular Expenditure relating to contracts awarded in the current period	157 621 074	111 908 245	156 362 948	111 908 245
Irregular Expenditure relating to contracts awarded in prior periods	-	1 682 910	-	1 682 910
Restatements - Irregular Expenditure current year	-	8 896	-	-
Irregular Expenditure relating to contracts awarded in the current period	-	1 682 910	-	1 682 910
Irregular Expenditure relating to contracts awarded in prior periods	-	-	-	-
Less: Amounts written off	(977 250 732)	-	(977 250 732)	-
Amounts written off - current period	(77 856 814)	-	(77 856 814)	-
Amounts written off - prior periods	(899 393 918)	-	(899 393 918)	-
	1 000 520 115	1 805 759 654	997 689 335	1 804 174 054

Details of irregular expenditure - current year	Disciplinary steps taken/criminal proceedings	2023	2022
Controlling Entity - Expenditure contrary to SCM Procedures on Issuing of Quotations - R14 403 944 (2022: R9 512 444)	No actions taken - to be submitted to Council for write-off	14 403 944	9 512 447
Controlling Entity - Expenditure contrary to SCM Procedures on Issuing of Contracts - R157 621 074 (2022: R103 753 568)	No actions taken - to be submitted to Council for write-off	157 621 074	103 753 568
		172 024 138	113 266 215

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government - SALGA			
Opening balance	7 844 983	7 279 748	7 844 983
Current year subscription / fee	(7 844 983)	(7 279 748)	(7 279 748)
	-	-	-
Audit fees			
Opening balance	3 862 247	-	1 300 511
Current year subscription / fee	13 887 394	15 299 336	13 153 876
Amount paid - current year	(11 511 461)	(12 447 089)	(11 511 461)
Amount paid - previous years	(1 300 511)	-	(1 300 511)
	3 927 669	2 852 247	1 300 511

The balance unpaid represents the audit fee for an audit conducted during May and June 2022 and is payable by 31 July 2023.

FAYE and UIF

Opening balance	744 338	782 855	-	175 817
Current year subscription / fee	144 918 148	140 326 632	138 097 721	151 714 071
Amount paid - current year	(147 556 463)	(140 149 332)	(138 907 721)	(151 714 071)
Amount paid - previous years	-	(175 817)	-	(175 817)
	126 800	744 338	-	-

The balance represents FAYE, SDA and UIF deducted from the June 2022 payroll. These amounts were paid during July 2023.

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Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2023	2022 Restated*	2023	2022 Restated*
56. Additional disclosure in terms of Municipal Finance Management Act (Continued)				
Pension and Medical Aid Deductions				
Opening balance	113 875	110 760	-	-
Current year subscription / fee	138 149 894	144 218 146	133 497 427	141 406 543
Amount paid - current year	(138 149 892)	(144 215 051)	(133 497 427)	(141 406 543)
	114 077	110 760	-	-
VAT				
VAT receivable	51 182 085	44 883 116	51 182 085	44 883 116
VAT Payable	(14 832 455)	(13 502 173)	(14 832 455)	(13 502 173)
	36 349 630	31 380 943	36 349 630	31 380 943

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

Councillors' arear consumer accounts

The following Councillors had arear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding more than 90 days	Total	Outstanding more than 90 days	Total
Sokanyile T.	3 547	3 547	3 547	3 547
Nkomo M. H.	5 107	5 107	5 107	5 107
Knock R.	19 445	19 445	19 445	19 445
	28 119	28 119	28 119	28 119

57. Awards to close family members of persons in service of state

In terms of the Municipal Supply Chain Management Regulation 45, the Municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including the name of the person, the capacity in which that person is in the service of the state, and the amount of the award. The following awards were made to entities with relationships with officials of the service of state (Municipality and other organisations):

Supplier Name	Name of employee	Organisation	Employee Title	Relationship to entity director	Amount
lifa Lamahudi Pty Ltd	Bether Tshidi Mawisa	OR Tambo DM	Expenditure Officer Contr	Spouse	20 600.00
Amakhebe Tours	Lauretta Tazama Tupa	OR Tambo DM	Irre Disaster Practitioner	Spouse	5 000.00

58. Deviation from supply chain management regulations

Paragraph 12(1) of Government Gazette No. 27538 issued on 30 May 2020 states that a supply chain management policy must provide for the procurement of goods and services by way of written/verbal quotations, formal written quotations and a competitive bidding process, depending on the specified threshold values.

Paragraph 34 of the above mentioned gazette also provides that the accounting officer may dispense with the official procurement process in certain circumstances provided that he/she records the reasons for any deviations, reports them to the next meeting of the Council and include as a note to the financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12 (1) as stated above. The reasons for the deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviations from the normal supply chain management regulation. These deviations have also been reported to Council. The reasons for the deviations were mainly due to emergency cases, sole/single supplies and impracticality in following the official procurement processes.

Incident	2023	2022
Emergency in terms of SCM Policy	43 371 389	779 134
Impractical to obtain quotations	31 505 009	19 440 453
	74 876 398	26 219 587
		43 371 389
		779 134

Controlling Entity (ORTM): The impractical deviations relate to maintenance of municipal vehicles that are still under warranty terms and conditions which require them to be serviced at approved dealership workshops. Emergency deviations represent the expenditure incurred on repairing Port Saint Johns' infrastructure damaged floods and subsequently declared a disaster area by the National Government.

The following deviations do not have a fixed contract value. They were made on rate or quotation basis:

Impracticality: Fuel Contracts	Meyers Delta (Contract), SIM Connections, Saool Owen Dam and Shell (Partner Star Investment), Umlaluvu Motors, Atlantic Star.
Impracticality: Repairs and Maintenance of vehicles	Toyota (Buffalo Toyota), New Age Fleet Maintenance, HTT Motors
Impracticality: Professional bodies	Institute of Internal Auditors, Institute of Municipal Practitioners, SAMEA, Chartered Institute of Procurement and Supply (CIPS), Institute of People Management, SACPCMP, SABPP, CIDFARO and IMPSA.
Impracticality: Educational institutes	Unisa, Moncso, University of Johannesburg, University of Witwatersrand, Thelwini FET College and University of Fort Hare.
Impracticality: Other	Licenses: Foyota-Foyota system, The water Academy Rental of parking space for revenue staff: Umfuta Club Assessment of staff: The Assessment Toolbox Broadcast of Municipal Programmes: Uniso Community Radio Travel agencies: Sharp Travel and Tours

Controlled Entity (Nings): These are deviations approved by the Accounting Officer and ratified by the Board of Directors. They were also presented to the Council of the parent municipality. Most of them relate to procurement of livestock from farmers and auctions where it was impractical to follow normal procurement processes such as requesting for

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*

59. Separate Financial Statements

The OR Tambo DM does not meet all the requirements for preparing separate financial statements in line with paragraph 5 of GRAP 35 read in conjunction with paragraph 18 of GRAP 34 therefore cannot elect to prepare separate financial statements. OR Tambo DM is not a subsidiary of another entity, therefore may not elect not to consolidate the Ntinga and OR Tambo DM AFI as there is no other parent entity that will prepare consolidation other than OR Tambo DM itself.

60. Consolidated Financial Statements

In line with requirements of GRAP 35 the OR Tambo DM will prepare Consolidated Annual Financial Statements as it has a wholly subsidiary (Ntinga) and it is itself (OR Tambo DM) not a subsidiary of another entity.

61. Disclosure of Interests in Other Entities

The OR Tambo DM did not have any in other entities except for Ntinga development Agency which is accounted for in terms of GRAP 35 (Consolidated Financial Statements) at end of June 2022.

The significant judgements and assumptions - Methodology used to determine that OR Tambo DM has control of another entity

OR Tambo DM used the "Rights to relevant activities" method to determine the control of Ntinga development Agency and this is evidenced by the fact that OR Tambo DM has:

- Rights to give policy direction to board of directors to direct the relevant activities of Ntinga Development Agency
- Rights to appoint, reassign or remove Board members of Ntinga Development Agency
- Rights to approve or veto operating and capital budgets relating to the relevant activities of Ntinga Development Agency
- Rights to direct Ntinga Development Agency to enter into, or veto any changes to, transactions for its benefits,
- Rights to veto key changes to Ntinga Development Agency, such as the sale of a major asset

Interests in controlled entities

- Ntinga Development Agency is wholly owned by the OR Tambo DM and does not have a controlled entity therefore on consolidation the economic entity only comprise of OR Tambo DM and Ntinga Development Agency.

- Ntinga Development Agency can only access or use assets, and settle its own liabilities and not those of the economic entity while the OR Tambo DM can access the assets of the economic entity to settle liabilities.

- OR Tambo DM as the only holder of Ntinga development Agency is the ultimately responsible for the risks associated with its interests in Ntinga development Agency.

- There were no changes in the ownership interest in Ntinga development Agency that do not result in a loss of control during the current financial year

62. Living and Non-living resources

Non-living resources

Water

OR Tambo DM purchases water from the Department of Water Affairs, stored in reservoirs and sold or distributed to the community. This water is accounted for in line with GRAP 12 because it has not been extracted from its natural source.

Minerals, oils and gas and other non-regenerative resources

OR Tambo DM's land has not been explored to determine whether it contains deposits of minerals, oil and gas, or other non-regenerative resources. The land owned by the municipality is therefore disclosed under Property, Plant and Equipment in line with GRAP 17. There is no available evidence that the OR Tambo DM's land contain minerals, oils and gas and other non-regenerative resources therefore municipality does not have non-living resources.

Living resources

All OR Tambo DM's living resources are in the custodianship of its municipal entity (Ntinga Development Agency) and will be accounted for in the Consolidated Annual Financial Statement in line with GRAP 27.

63. Bulk Water Losses in terms of section 125 of the MFMA

	Lost Units	Tariff	Value	Lost Units	Tariff	Value
30 June 2022 - Unaccounted Water Losses	7 026 513	1,22	8 564 075	7 026 513	1,22	8 564 075
30 June 2021 - Unaccounted Water Losses	7 575 938	1,51	11 439 666	7 575 938	1,51	11 439 666

Water Losses occur due to inter alia / leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

Volumes in Kl / year

Water Inventory - opening balance	81 094	86 227	81 094	86 227
System input volume	29 414 570	27 187 280	29 414 570	27 187 280
Billed Consumption	(10 213 734)	(10 196 949)	(10 213 734)	(10 196 949)
Free Basic Water provided	(12 171 791)	(9 419 526)	(12 171 791)	(9 419 526)
Water Inventory - closing balance	(83 624)	(81 094)	(83 624)	(81 094)
Distribution loss	(7 026 513)	(7 575 938)	(7 026 513)	(7 575 938)
	-	-	-	-

Percentage Distribution Loss: -24%

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2023	2022 Restated*	2023	2022 Restated*

64. Segment Reporting

Controlling Entity

Factors used to identify reportable segment

In identifying the reportable segments the municipality assessed all its activities in all departments to determine whether they meet the definition of a segment or not. At the end of this process the municipality came to a conclusion that only three activities that meet the definition of a segment, and these are water services, Sanitation services as well as Fire and Rescue services.

Aggregation of Segments

Water and Sanitation segments have been aggregated because certain expenditure items for these items are not separated and based on that fact that these services are similar in nature, management took a decision to group these activities under one segment.

Services rendered by segments

Water and Sanitation

Water and Sanitation segment provides water and sanitation services to King Sabata Dalindyebo, Mthonjo, Nyandeni, Fort Saint Johns and Ingqaza Hill municipalities. Consumers are billed on a monthly basis for the availability of the service and consumption.

Fire and Rescue

Fire and Rescue segment provides fire and emergency services to King Sabata Dalindyebo, Mthonjo, Nyandeni, Fort Saint Johns and Ingqaza Hill municipalities. This services is provided for free.

Financial Information

The financial information of the reportable segments is presented under 'annexure A'.

Controlled Entity

The Entity is organised into four strategic goals and under these goals there are four main segments with main activities and geographical location described as follows:

- Umthakazi Red Meat Abattoir. It is based in Mthatha and its main activity is the provision of slaughter services as well as meat sales.
- Adam Kall Farms. Farms are based in Kokstad and are operated for livestock and crop production.
- Kall Fresh Produce Market. The market is based in Mthatha. It is platform wherein farmers bring their produce for sale. The Entity generates as revenue commission on sales. Space and equipment are also rented out of a fee.
- The Entity's mandate includes the repair and maintenance of water schemes. The function is funded by the parent municipality and the Entity is paid for work done. The Entity is also acting as a paymaster for operators appointed by the parent municipality and generates revenue in the form of implementation fees.

Segments are aggregated for reporting purposes. Information reported about these segments is used for evaluating the segments' performance and for making decisions about the allocation of resources.

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Notes to the Consolidated Annual Financial Statements

65. Economic Entity Cash flow Workings	2023					2022
	Controlling Entity	Controlled Entity	Total	Inter-Co. Transactions	Economic Entity	Included Economic Entity
Receipts						
Service Charges	205 287 958	-	205 287 958	-	205 287 958	212 324 193
Interest Income	57 588 312	192 094	57 780 406	-	57 780 406	22 932 995
Operational receipts	513 512	10 104 183	10 617 695	-	10 617 695	16 931 916
Transfers and subsidies	1 754 812 241	54 060 731	1 808 872 972	(55 687 463)	1 753 185 509	1 883 550 316
Public Contributions and Donations	-	-	-	-	-	-
	<u>2 018 202 023</u>	<u>64 357 008</u>	<u>2 082 559 031</u>	<u>(55 687 463)</u>	<u>2 026 871 568</u>	<u>1 885 739 430</u>
Payments						
Employee related costs	(711 922 420)	(42 457 536)	(754 379 956)	-	(754 379 956)	(777 477 081)
Remuneration of Councilors	(19 783 425)	-	(19 783 425)	-	(19 783 425)	(19 456 433)
Finance Costs	(4 616 422)	(1 387 695)	(6 004 117)	-	(6 004 117)	(7 218 240)
Suppliers Paid	(303 883 045)	(23 560 836)	(329 443 881)	-	(329 443 881)	(33 948 932)
Other payments	(377 476 484)	-	(377 476 484)	55 687 463	(321 789 021)	(623 233 334)
	<u>(1 419 683 813)</u>	<u>(67 406 067)</u>	<u>(1 487 089 880)</u>	<u>55 687 463</u>	<u>(1 431 402 417)</u>	<u>(1 360 234 070)</u>
Net cash flows from operating activities	<u>598 518 210</u>	<u>(3 049 059)</u>	<u>595 469 151</u>	<u>-</u>	<u>595 469 151</u>	<u>475 505 350</u>
Cash flows from investing activities						
Purchase of property, plant and equipment	(519 633 747)	(1 573 863)	(521 207 610)	-	(521 207 610)	(491 428 376)
Proceeds on Disposal of Fixed Assets	-	176 780	176 780	-	176 780	6 441 097
Purchase of Biological assets	-	-	-	-	-	(218 347)
Proceeds on Disposal of Biological assets	-	2 985 424	2 985 424	-	2 985 424	244 291
Net cash flows from investing activities	<u>(519 633 747)</u>	<u>1 588 541</u>	<u>(518 045 206)</u>	<u>-</u>	<u>(518 045 206)</u>	<u>(484 941 335)</u>
Cash flows from financing activities						
(Repayments) / Acquisitions of Long term loans	5 090 126	302 140	5 392 266	-	5 392 266	-
(Decrease) / Increase in Long-term receivables	(3 420 501)	(74 322)	(3 494 823)	-	(3 494 823)	(2 548 115)
	<u>1 669 625</u>	<u>227 818</u>	<u>1 897 443</u>	<u>-</u>	<u>1 897 443</u>	<u>(2 548 115)</u>
Net increase/(decrease) in cash and cash equivalents	<u>80 354 101</u>	<u>(1 232 680)</u>	<u>79 121 421</u>	<u>-</u>	<u>79 121 421</u>	<u>(11 984 100)</u>
Cash and cash equivalents at the beginning of the year	383 861 357	4 934 922	388 728 279	-	388 728 279	403 712 379
Cash and cash equivalents at the end of the year	<u>464 155 458</u>	<u>3 694 242</u>	<u>467 849 700</u>	<u>-</u>	<u>467 849 700</u>	<u>388 728 279</u>

Inter-Company transactions

Transfers and subsidies

The R56.2 million relates to R54.6 million grant received from OR Tambo DM and R1.6 million for unspent ORT grant in Ntinga.

Other payments

The R56.2 million relates to R54.6 million grants received from OR Tambo DM and R1.6 million for unspent ORT grant in Ntinga.

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Segment Statement of Financial Performance - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umkhankho Red Meal Abattoir	Adam Kok Farms	Kel Fresh Produce Market	Other Departments	Totals 2023	2022 *Restated
REVENUE								
Revenue from Exchange Transactions								
Service Charges	288 341 299	-	-	-	-	-	288 341 299	303 752 916
Rental of Facilities and Equipment	-	-	-	-	243 000	739	243 739	415 672
Interest Earned - External Investments	-	-	-	-	-	40 196 276	40 196 276	10 902 473
Interest Earned - Outstanding Debtors	41 602 138	-	-	-	-	-	41 602 138	32 877 677
Operational revenue	-	-	11 008 388	381 813	-	62 669	11 452 870	16 858 073
Income from Agency Services	-	-	-	-	75 298	176 050	251 348	367 018
Total revenue from exchange transactions	329 943 437	-	11 008 388	381 813	518 298	40 435 734	382 087 470	365 173 829
Revenue from Non-exchange Transactions								
Government Grants and Subsidies Received	905 625 477	43 839 488	-	-	-	881 815 778	1 831 280 743	1 524 718 664
Total revenue from non-exchange transactions	905 625 477	43 839 488	-	-	-	881 815 778	1 831 280 743	1 524 718 664
Total revenue	1 235 568 914	43 839 488	11 008 388	381 813	518 298	922 251 512	2 213 368 413	1 889 892 493
EXPENDITURE								
Employee Related Costs	(267 977 720)	(43 415 515)	(3 342 839)	(5 367 872)	(3 376 919)	(418 056 489)	(741 537 354)	(780 880 114)
Remuneration of Councilors	-	-	-	-	-	(20 895 674)	(20 895 674)	(20 297 202)
Depreciation and Amortisation	(185 348 564)	(94 518)	(294 895)	-	(669 068)	(6 392 904)	(1 922 729 949)	(227 853 022)
Impairment Losses	(172 127 448)	-	-	-	-	(41 751)	(1 722 169 199)	(1 022 511 175)
Bad Debts Written off	(41 882 906)	-	-	-	-	-	(41 882 906)	(12 666 425)
Finance Costs	(4 101 956)	-	-	-	-	(21 886 161)	(25 988 117)	(23 404 240)
Contracted Services	(100 074 174)	-	-	-	-	(73 593 512)	(1 732 667 686)	(1 362 784 482)
Transfers and subsidies	(101 838 904)	(425 286)	-	-	-	(4 441 581)	(1 062 705 771)	(50 358 798)
Inventory Consumed	(11 962 200)	-	-	-	-	(34 657 654)	(46 619 854)	(51 889 979)
Inventory Losses	(8 564 075)	-	-	-	-	-	(8 564 075)	(11 439 667)
Operational Costs	(81 171 899)	(540 638)	(9 611 334)	(4 393 909)	(1 124 482)	(96 028 099)	(1 922 870 323)	(214 442 762)
Total expenditure	(975 054 846)	(44 475 957)	(13 249 070)	(9 761 781)	(5 170 468)	(675 993 785)	(1 723 705 908)	(1 632 528 071)
Operating surplus	260 514 068	(636 469)	(2 240 682)	(9 379 968)	(4 852 170)	246 257 727	489 662 505	257 364 422
Actual Gain / (Loss)	28 572 081	4 659 019	-	-	-	42 042 900	75 274 000	13 864 000
Gains / (Losses) on Disposal of Property, Plant and Equipment	(2 177)	-	-	-	-	9 219	7 043	645 194
Gains / (Losses) on Disposal of Biological Assets	-	-	-	1 568 086	-	-	1 568 086	1 203 559
Biological Assets - Gains	-	-	-	374 374	-	-	374 374	5 716 732
Biological Assets - Losses	-	-	-	(381 000)	-	-	(381 000)	(460 180)
Reversal of Impairment	6 723 467	-	-	-	-	302 588	7 026 055	26 666
Surplus for the year	295 807 439	4 022 580	(2 240 682)	(7 818 508)	(4 852 170)	288 612 434	573 531 042	278 340 393

Consolidated Annual Financial Statements for the year ended 30 June 2023

Segment Statement of Financial Position as at 30 June 2022 - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umsikamhu Red Meat Abattoir	Adam Kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2022	2022 *Restated
CURRENT ASSETS								
Inventories	125 538	-	82 295	2 212 886	-	11 490 590	13 911 309	15 806 519
Receivables from Exchange Transactions	155 980 926	-	154 713	1 626 596	-	2 129 843	159 892 078	159 393 757
Receivables from Non-exchange Transactions	781 521	-	-	-	-	304 581	1 086 102	1 989 249
Prepayments	535 980	-	-	-	-	259 408	795 388	565 851
VAT Receivable	50 453 217	25 729	-	-	-	703 140	51 182 085	44 883 116
Cash and Cash Equivalents	169 176 090	-	-	-	-	298 671 610	467 847 700	588 738 279
	377 055 272	25 729	237 008	3 839 482	-	313 559 172	694 716 662	631 346 770
NON-CURRENT ASSETS								
Property, Plant and Equipment	7 886 841 002	4 021 884	1 817 245	30 799 775	9 191 023	116 045 835	8 048 716 764	7 807 047 469
Intangible Assets	-	-	-	-	-	436 162	436 162	856 406
Heritage Assets	-	-	-	-	-	247 025	247 025	247 025
Biological Assets	-	-	-	13 732 163	-	-	13 732 164	14 567 854
	7 886 841 002	4 021 884	1 817 245	44 531 938	9 191 023	116 729 022	8 063 132 118	7 822 716 754
TOTAL ASSETS	8 263 896 274	4 047 613	2 054 253	48 371 420	9 191 023	430 288 194	8 757 848 777	8 454 065 524
CURRENT LIABILITIES								
Consumer Deposits	3 648 876	-	-	-	-	-	3 648 876	3 312 153
Employee Benefit Liabilities - Current portion	30 368 944	4 952 019	-	-	-	49 683 250	85 004 213	106 576 220
Payables from Exchange Transactions	-	-	-	-	-	420 627 946	420 627 946	556 329 298
Payables from Non-exchange Transactions	781 521	-	-	-	-	45 586 970	46 368 491	39 191 557
Unspent Conditional Grants and Receipts	108 958 538	3 032 512	-	-	-	-	111 991 050	187 869 916
VAT Payable	-	-	-	-	-	14 832 454	14 832 454	13 502 173
Current Portion of Long-term Liabilities	3 295 366	1 480	-	-	-	135 998	3 433 045	2 481 182
	147 053 245	7 986 212	-	-	-	530 866 618	685 906 075	909 262 499
NON-CURRENT LIABILITIES								
Long-term liabilities	928 446	151 394	-	-	-	1 571 224	2 651 064	1 705 452
Employee Benefit Liabilities	36 365 501	5 929 829	-	-	-	53 510 469	95 806 000	143 163 000
	37 293 947	6 081 224	-	-	-	55 081 693	98 457 064	144 868 452
TOTAL LIABILITIES	184 347 193	14 067 435	-	-	-	585 948 311	784 363 139	1 054 130 950
Net Assets	8 079 549 081	(10 019 823)	2 054 253	48 371 420	9 191 023	(155 660 318)	7 973 485 638	7 399 954 574
Accumulated surplus / (Deficit)	8 079 549 081	(10 019 823)	2 054 253	48 371 420	9 191 023	(173 637 775)	7 955 508 180	7 399 954 574
Revaluation Surplus	-	-	-	-	-	17 972 438	17 972 458 00	-
	8 079 549 081	(10 019 823)	2 054 253	48 371 420	9 191 023	(155 660 317)	7 973 485 638	7 399 954 574

Consolidated Annual Financial Statements for the year ended 30 June 2023

Segment Statement of Financial Performance - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umsikanku Red Meat Abattoir	Adam Kok Farms	Kai Fresh Produce Market	Other Departments	Totals 2022
REVENUE							
Revenue from Exchange Transactions							
Service Charges	303 752 916	-	-	-	-	-	303 752 916
Rental of Facilities and Equipment	-	-	-	-	381 817	39 855	415 672
Interest Earned - External Investments	-	-	-	-	-	10 902 473	10 902 473
Interest Earned - Outstanding Debtors	32 877 677	-	-	-	-	-	32 877 677
Operational revenue	-	-	12 963 761	243 380	-	3 650 932	14 858 073
Income from Agency Services	-	-	-	-	163 866	203 152	367 018
Total revenue from exchange transactions	336 630 593	-	12 963 761	243 380	545 683	14 790 412	365 173 829
Revenue from Non-exchange Transactions							
Government Grants and Subsidies Received	561 565 984	-	-	-	-	963 152 680	1 524 718 664
Total revenue from non-exchange transactions	561 565 984	-	-	-	-	963 152 680	1 524 718 664
Total revenue	898 196 577	-	12 963 761	243 380	545 683	977 943 092	1 889 892 493
EXPENDITURE							
Employee Related Costs	(311 636 887)	(59 712 002)	(3 408 075)	(4 941 376)	(3 645 635)	(397 536 139)	(790 880 114)
Remuneration of Councilors	-	-	-	-	-	(20 297 202)	(20 297 202)
Depreciation and Amortisation	(219 113 666)	(115 426)	(300 466)	-	(751 778)	(7 571 686)	(227 853 022)
Impairment Losses	(83 514 359)	-	-	-	-	(18 996 816)	(102 511 175)
Bad Debts Written off	(12 666 625)	-	-	-	-	-	(12 666 625)
Finance Costs	(6 733 453)	-	-	-	-	(16 670 767)	(23 404 240)
Contracted Services	(19 898 947)	(366 000)	-	-	-	(116 519 535)	(136 784 482)
Transfers and subsidies	(37 124 792)	(2 898 514)	-	-	-	(10 335 492)	(50 358 798)
Inventory Consumed	(16 466 344)	-	(11 445 957)	-	-	(23 977 678)	(51 889 979)
Inventory Losses	(11 439 667)	-	-	-	-	-	(11 439 667)
Operational Costs	(105 348 373)	(233 868)	-	-	-	(108 860 526)	(214 442 767)
Total expenditure	(823 943 118)	(63 325 810)	(15 154 498)	(4 941 376)	(4 397 413)	(720 765 861)	(1 632 528 071)
Operating surplus	74 253 464	(63 325 810)	(2 190 737)	(4 697 996)	(3 851 730)	257 177 231	257 364 422
Actuarial Gain / (Loss)	5 865 983	1 004 821	-	-	-	6 993 196	13 864 000
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-
Gain on Disposal of Property, Plant and Equipment	635 124	335	-	-	-	9 735	645 194
Biological Assets - Adjustments	-	-	-	-	-	1 203 559	1 203 559
Biological Assets - Gains	-	-	-	-	-	5 716 732	5 716 732
Biological Assets - Losses	-	-	-	-	-	(460 180)	(460 180)
Reversal of Impairment	-	-	-	-	-	26 666	26 666
	6 501 108	1 005 155	-	-	-	13 489 708	20 995 971
Surplus for the year	80 754 572	(62 320 655)	(2 190 737)	(4 697 996)	(3 851 730)	270 666 939	278 360 393

Consolidated Annual Financial Statements for the year ended 30 June 2023

Segment Statement of Financial Position as at 30 June 2022 - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umsakhu Red Meat Abattoir	Adam Kok Farms	Kel Fresh Produce Market	Other Departments	Totals 2022
CURRENT ASSETS							
Inventories	122 452	-	2 386 368	-	3 989 041	9 308 658	15 806 519
Receivables from Exchange Transactions	154 047 398	-	-	-	366 276	4 980 083	159 393 757
Receivables from Non-exchange Transactions	1 372 688	-	-	-	-	616 561	1 989 249
Prepayments	306 443	-	-	-	-	259 408	565 851
VAT Receivable	63 870 467	33 646	-	-	-	979 002	64 883 116
Cash and Cash Equivalents	288 397 462	-	230 249	112 414	633 091	99 355 063	388 728 279
	508 116 910	33 646	2 616 617	112 414	4 988 408	115 498 775	631 366 771
NON-CURRENT ASSETS							
Property, Plant and Equipment	7 634 754 352	4 021 884	2 386 368	-	3 989 041	161 895 825	7 807 047 470
Intangible Assets	-	-	-	-	-	856 406	856 406
Heritage Assets	-	-	-	-	-	247 025	247 025
Biological Assets	-	-	-	14 567 854	-	-	14 567 854
	7 634 754 352	4 021 884	2 386 368	14 567 854	3 989 041	162 999 256	7 822 718 755
TOTAL ASSETS	8 142 871 262	4 055 530	5 003 985	14 680 268	8 977 449	278 498 031	8 484 085 526
CURRENT LIABILITIES							
Consumer Deposits	3 312 153	-	-	-	-	-	3 312 153
Employee Benefit Liabilities	42 697 941	7 313 996	-	-	-	56 564 289	106 576 220
Payables from Exchange Transactions	-	-	503 742	4 227	693 898	555 127 431	556 329 298
Payables from Non-exchange Transactions	1 372 688	-	-	-	-	37 818 849	39 191 537
Unspent Conditional Grants and Receipts	185 206 016	-	-	-	-	2 663 900	187 869 916
VAT Payable	-	-	-	-	-	13 502 173	13 502 173
Current Portion of Long-term Liabilities	2 376 226	1 252	-	-	-	103 704	2 481 182
	234 965 025	7 315 248	503 742	4 227	693 898	665 780 360	909 262 499
NON-CURRENT LIABILITIES							
Long-term Liabilities	1 678 833	884	-	-	-	25 733	1 705 452
Employee Benefit Liabilities	40 573 556	10 376 022	-	-	-	72 213 423	143 163 000
	42 252 390	10 376 906	-	-	-	72 239 156	144 868 452
TOTAL LIABILITIES	277 217 415	17 692 154	503 742	4 227	693 898	738 019 516	1 054 130 951
Net Assets	7 845 653 848	(13 636 624)	4 499 243	14 676 041	8 283 551	(459 521 486)	7 399 954 575
Accumulated surplus / (Deficit)	7 845 653 848	(13 636 624)	4 499 243	14 676 041	8 283 551	(477 498 943)	7 381 977 116
Revaluation Surplus	-	-	-	-	-	17 977 458	17 977 458,00
	7 845 653 848	(13 636 624)	4 499 243	14 676 041	8 283 551	(459 521 485)	7 399 954 574

OR Tambo District Municipality

Annexure "A"

Consolidated Annual Financial Statements for the year ended 30 June 2023

Segment Statement of Financial Performance - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & RESCUE	OTHER DEPARTMENTS	TOTALS
REVENUE				
Revenue from Exchange Transactions				
Service Charges	288 341 299	-	-	288 341 300
Rental of Facilities and Equipment	-	-	739	739
Interest Earned - External Investments	-	-	40 004 182	40 004 182
Interest Earned - Outstanding Debtors	41 602 138	-	-	41 602 138
Operational revenue	-	-	-	-
Income from Agency Services	-	-	176 050	176 050
Total revenue from exchange transactions	329 943 437	-	40 180 971	370 124 409
Revenue from Non-exchange Transactions				
Transfer revenue				
Government Grants and Subsidies Received	905 625 477	43 839 488	881 815 778	1 831 280 743
Total revenue from non-exchange transactions	905 625 477	43 839 488	881 815 778	1 831 280 743
Total revenue	1 235 568 914	43 839 488	921 996 749	2 201 405 152
EXPENDITURE				
Employee Related Costs	(266 251 670)	(43 415 515)	(391 780 755)	(701 447 940)
Remuneration of Councillors	-	-	(19 783 425)	(19 783 425)
Depreciation and Amortisation	(185 348 564)	(54 518)	(2 583 105)	(188 026 187)
Impairment Losses	(172 127 448)	-	-	(172 127 448)
Bad Debts Written off	(41 887 906)	-	-	(41 887 906)
Finance Costs	(4 101 956)	-	(20 498 466)	(24 600 422)
Contracted Services	(99 403 350)	-	(64 410 368)	(163 813 718)
Transfers and subsidies	(102 509 728)	(425 284)	(58 582 065)	(161 517 077)
Inventory Consumed	(11 962 200)	-	(24 583 677)	(36 545 877)
Inventory Losses	(8 564 075)	-	-	(8 564 075)
Operational Costs	(81 171 899)	(540 638)	(105 097 885)	(186 810 422)
Total expenditure	(973 828 796)	(44 475 957)	(487 299 784)	(1 705 104 537)
Operating surplus	261 740 118	(636 469)	234 696 965	494 900 615
Gains / (Losses) on Disposal of Property, Plant and Equipment	(2 177)	-	(30)	(2 207)
Reversal of Impairment	4 723 467	-	-	4 723 467
Actuarial Gain / (Loss)	38 572 081	4 459 019	42 042 900	75 074 000
	35 293 971	4 459 019	42 042 870	81 995 259
Surplus for the year	297 533 489	4 022 550	276 739 835	578 295 874

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OR Tambo District Municipality

Annexure "A"

Consolidated Annual Financial Statements for the year ended 30 June 2023

Segment Statement of Financial Position as at 30 June 2023 - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & DISASTER	OTHER DEPARTMENTS	TOTALS
CURRENT ASSETS				
Inventories	125 538	-	11 452 088	11 577 626
Receivables from Exchange Transactions	155 980 926	-	3 181 682	159 162 608
Receivables from Non-exchange Transactions	781 521	-	228 181	1 009 702
Prepayments	535 980	-	-	535 980
VAT Receivable	50 453 217	25 729	703 140	51 182 086
Cash and Cash Equivalents	349 178 080	-	294 477 368	643 655 448
	377 055 272	25 729	309 572 459	686 653 459
NON-CURRENT ASSETS				
Property, Plant and Equipment	7 886 841 002	4 021 884	109 914 727	8 000 777 613
Intangible Assets	-	-	317 927	317 927
Heritage Assets	-	-	247 025	247 025
	7 886 841 002	4 021 884	110 479 679	8 001 342 565
TOTAL ASSETS	8 263 896 274	4 047 613	420 052 138	8 687 996 024
CURRENT LIABILITIES				
Consumer Deposits	3 648 876	-	-	3 648 876
Employee Benefit Liabilities - Current portion	30 368 944	4 952 019	44 684 927	80 005 890
Payables from Exchange Transactions	-	-	425 415 270	425 415 270
Payables from Non-exchange Transactions	781 521	-	45 139 955	45 921 476
Unspent Conditional Grants and Receipts	108 958 538	3 032 512	-	111 991 050
Current Portion of Finance Lease Liabilities	3 295 366	1 680	45 926	3 342 972
	147 053 245	7 986 212	518 288 079	673 327 536
NON-CURRENT LIABILITIES				
Finance Lease Liabilities	928 446	151 394	1 364 178	2 444 018
Employee Benefit Liabilities	34 565 501	5 929 829	53 510 669	95 006 000
	37 293 947	6 081 224	54 874 847	98 250 018
TOTAL LIABILITIES	184 347 193	14 067 436	570 164 925	748 579 555
Net Assets	8 079 549 081	(10 019 823)	(150 112 788)	7 919 416 471
Accumulated surplus / (Deficit)	8 079 549 081	(10 019 823)	(148 090 244)	7 901 439 013
Revaluation Surplus	-	-	17 977 458	17 977 458
	8 079 549 081	(10 019 823)	(150 112 788)	7 919 416 471

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Consolidated Annual Financial Statements for the year ended 30 June 2022

Segment Statement of Financial Position as at 30 June 2022 - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & DISASTER	OTHER DEPARTMENTS	TOTALS
CURRENT ASSETS				
Inventories	122 452	-	11 468 753	11 591 205
Receivables from Exchange Transactions	154 047 398	-	5 237 473	159 284 871
Receivables from Non-exchange Transactions	1 372 688	-	616 540	1 989 248
Prepayments	306 443	-	-	306 443
VAT Receivable	63 870 467	33 646	979 002	64 883 116
Cash and Cash Equivalents	268 397 462	-	95 403 895	363 801 357
	508 114 910	33 646	113 705 663	621 854 240
NON-CURRENT ASSETS				
Property, Plant and Equipment	7 634 754 302	4 021 884	117 005 028	7 755 801 244
Intangible Assets	-	-	636 046	636 046
Heritage Assets	-	-	247 025	247 025
	7 634 754 302	4 021 884	117 908 099	7 756 684 335
TOTAL ASSETS	8 142 871 262	4 055 530	231 613 762	8 378 540 575
CURRENT LIABILITIES				
Consumer Deposits	3 312 153	-	-	3 312 153
Employee Benefit Liabilities - Current portion	42 697 941	7 313 996	50 902 815	100 914 752
Payables from Exchange Transactions	-	-	558 936 116	558 936 116
Payables from Non-exchange Transactions	1 372 688	-	37 371 901	38 744 589
Unspent Conditional Grants and Receipts	185 204 016	-	3 003 999	188 208 015
Current Portion of Finance Lease Liabilities	2 376 226	1 252	36 423	-
	234 965 025	7 315 248	650 271 254	890 197 425
NON-CURRENT LIABILITIES				
Finance Lease Liabilities	1 678 835	884	25 733	1 705 452
Employee Benefit Liabilities	60 573 556	10 376 022	72 213 423	143 163 000
	62 252 390	10 376 906	72 239 156	144 868 452
TOTAL LIABILITIES	297 217 415	17 692 154	722 510 410	1 036 006 077
Net Assets	7 845 653 848	(13 636 624)	(490 896 627)	7 341 120 597
Accumulated surplus / (Deficit)	7 845 653 848	(13 636 624)	(490 896 627)	7 341 120 597