



O.R. TAMBO DISTRICT MUNICIPALITY

O.R. TAMBO DISTRICT MUNICIPALITY

2023/24 ANNUAL REPORT

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VOLUME I

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

The 2023/2024 financial year has ended which is the third year since the start of the current council term. Our council was inaugurated during the difficult times where national government invoked Section 216 of the Constitution and subsequently put the municipality under Section 139(5) of the Constitution due to the financial affairs of the organisation. Through the difficulties we found ourselves under, we traversed through them and strived to improve the situation. Over these years I wish to commend the municipal leadership and management attitude towards embracing the situation as well as soldiering on with its tasks. The municipality embraced the Financial Recovery Plan, and this is yielding some results, an improvement on financial governance.

“Yes, we are improving but we are not yet there, and the test for the future of this organisation is in our hands”. Where we are today, we can operate for few months without the flow of grants, we are able to pay our creditors, we are slowly improving our revenue, and we have spent all the grants for the year under review. Whilst there is enormous improvement, there are areas that still requiring attention to ensure that the organisation is where it needs to be. Areas such as revenue management, accelerating infrastructure delivery to communities and management of the water leaks. The municipality further requires to embrace the strategies at hand to reduce the costs to employees in order to meet the required category as prescribed by the regulations. The commitment and discipline culture we have embraced should continue till we reach the maturing stages of governance.

The 2023/2024 Annual Report, I am presenting serves to account on what has been done and attained by the organisation over the year. It is what we have agreed through the Service Delivery and Budget Implementation Plan (SDBIP) as an instrument to measure performance of the organisation over the year. I am glad to report that the district municipality achieved 87% performance on its targets, and this has been audited. The performance demonstrates an improvement for the previous year by 14%. It can be further noted that the district municipality maintained the Unqualified Audit Opinion for the year with the some matters to be addressed. The leadership and management of the organisation developed actions to address the matters, and this will form part of the quarterly council reports.

I wish to take an opportunity to appreciate and thank all the councillors of the district and entire management and staff on the work done to date with these improvements. A special word 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 demonstrates that we are going somewhere. Having strengthened our systems 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 2023/24 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 2023/2024 approved Reviewed Integrated Development Plan aligned with the approved budget for 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 2023 to 30 June 2024. 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 2023/2024 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 allocated towards the implementation of its priorities. The district remained committed on investing in infrastructure development as an important priority over the year. Issues such as aging infrastructure and the demand for new infrastructure continue to place the municipality under severe financial pressure. Also, the maintenance of infrastructure is among the vital issues that will allow the district to fulfil its mandate.

The financial year 2023/2024 seem to be the better year since the Coronavirus (COVID-19) as well as the impact of the implementation Section 216 of the Constitution. Over the year the municipality tried to improve in its revenue, settlement of the creditors as well as implementation of strategies to reduce employee costs. These yielded to some improvement on the financial governance and municipal financial health. The year under review has been the testimony of the strong leadership and management. 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.

MR B. P. MASE

MUNICIPAL MANAGER

1.2 Municipal Overview

1.2.1 Municipal Functions

Table 1: Municipal Powers and Functions

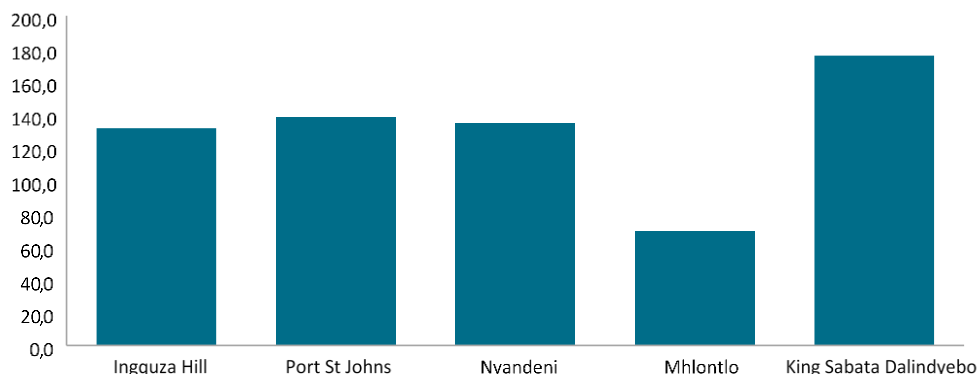
	O.R. Tambo	KSD	Nyandeni	Ingquza Hill	Mhlontlo	PSJ
Water	Yes	No	No	No	No	No
Sanitation	Yes	No	No	No	No	No
Municipal Health	Yes	No	No	No	No	No
Electricity Reticulation	No	Yes	Yes	Yes	Yes	Yes
Air pollution	-	Yes	Yes	Yes	Yes	Yes
Building regulation	-	Yes	Yes	Yes	Yes	Yes
Childcare facilities	-	Yes	Yes	Yes	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.

Figure 1: District Population



1.2.2.2 Household

Either a household is 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.

Since 1996, the O.R Tambo District Municipality's number of households has been in an upward trend. In 2022, the O.R. Tambo District had a total of 313 536 households, with an average household size of 4.8. Table 13 below provides the number of households and the average household size in O.R. Tambo District and the local municipalities.

Table 2 : Total Number of Households, Average Household Size

Municipality	Number of Households		Average Household Size	
	2011	2022	2011	2022
King Sabata Dalindyebo	104 878	114 580	4,3	4,2
Ingquza Hill	56 212	64 051	5,0	5,5
Nyandeni	61 647	60 281	5,1	4,7
Mhlontlo	44 079	43 980	4,3	4,2
Port St Johns	31 713	30 643	4,9	5,9
O.R Tambo District	298 530	313 536	4,6	4,8

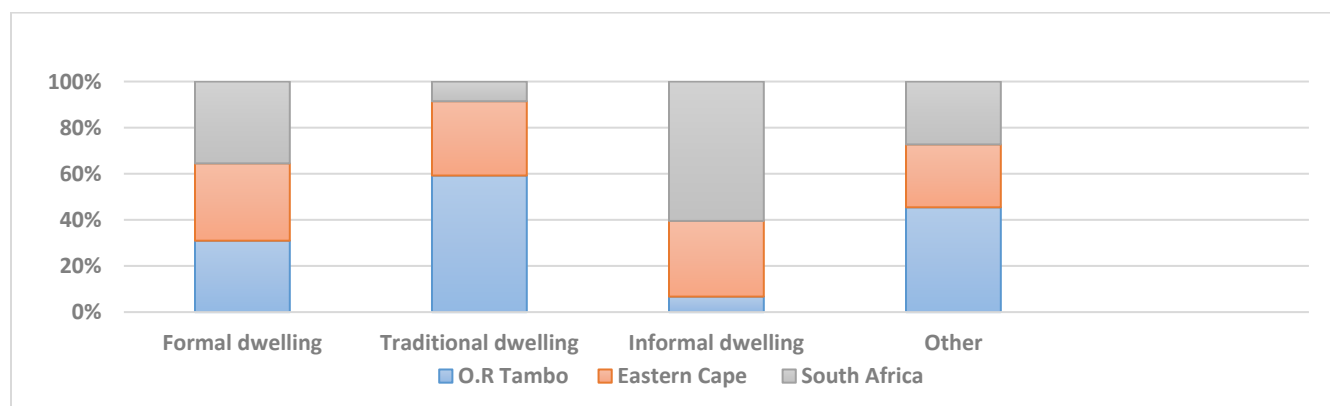
Source: Stats.SA (Census 2022)

With 114 580, King Sabata Dalindyebo local Municipality contributes a large share of the total number of households in the District, followed by Ingquza Hill Local municipality with 64 051, and Nyandeni Local Municipality with a total number of 60 281 households. Port st Johns local municipality recorded a decrease in the number of households in the district from 31 713 households in 2011 to a total number of 30 643 households in 2022.

1.2.3 Household Infrastructure

Household Dwelling Type

According to StatsSA, a dwelling unit can be categorized according to type of dwelling namely; formal dwelling, traditional dwelling, informal dwelling and other. In 2022, the O.R Tambo District had 77,2% of households were living in formal dwellings, 21,5% lived in traditional dwellings, and 0,9% live in informal dwellings. Figure 11 below shows households by dwelling unit in O.R Tambo, Eastern Cape, and South Africa.

Figure 2 : Household by dwelling unit type – O.R. Tambo District, Eastern Cape, National, 2022

Source: Stats.SA 2022

Households by Dwelling Unit Type – O.R Tambo District and the rest of Local Municipalities.

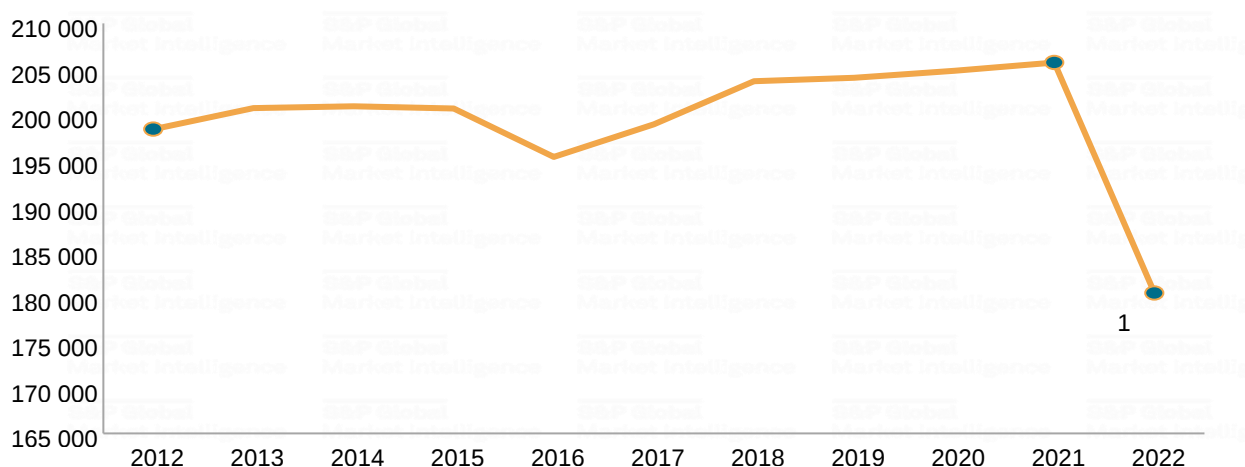
Table 3 : households by dwelling unit type by municipality

	Formal	Traditional	Informal	Other
King Sabata Dalindyebo	96 929	16 559	535	557
Nyandeni	44 041	15 664	431	144
Ngquza Hill	49 044	13 462	1136	410
Mhlontlo	31 721	11 873	152	235
Port St Johns	20 225	9876	422	122
O.R Tambo District Municipality	241 960	67 434	2 676	1 466

Source: StatsSA, 2022

In 2022, King Sabata Dalindyebo local municipality recorded the highest number of households living in formal dwellings with 96 929 (84,6%), and traditional dwellings with 16 559. Ingquza Hill local municipality had the highest number of households living in informal dwellings with 1136.

Figure 3 : Formal dwelling backlog



Source: South Africa Regional explorer v2443

When looking at the formal dwelling unit backlog (number of households not living in a formal dwelling) over time, it can be seen that in 2012 the number of households not living in a formal dwelling were 198 000 within O.R. Tambo District Municipality. From 2012 this number decreased annually at -0.95% to 180 000 in 2022.

1.2.2.3 Socio Economic Status

Dependency ratio

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.

According to StatsSA (2022 Census results) the dependency ratio for the district is 70, 0 % compared to 80.5 % in 2011, this indicates an increase in the economically active population. However, despite the decrease in the dependency for the district it is much higher than that of the province (60, 0%) and the country (48.8%). At the Local Municipality level, King Sabata Dalindyebo is the only local municipality with a dependency ratio lower than that of the district with an average of 60.5. Nyandeni at 74.8 and Ingquzva Hill at 77.5 both recorded the highest dependency ratios in the district.

1.3 Service Delivery Overview

The overall institutional performance reflects 86 targets set for the institution across all the Key Performance Areas, of which 75 are reported to be achieved with 11 not achieved. This brings the overall institutional performance to 87% for the financial year under review. The performance of the institution has increased by 14% from that of the previous financial year which was 73%. The charts below give details of performance in the municipality including performance per key performance area as well as departmental performance.

Figure 4: Institutional Performance

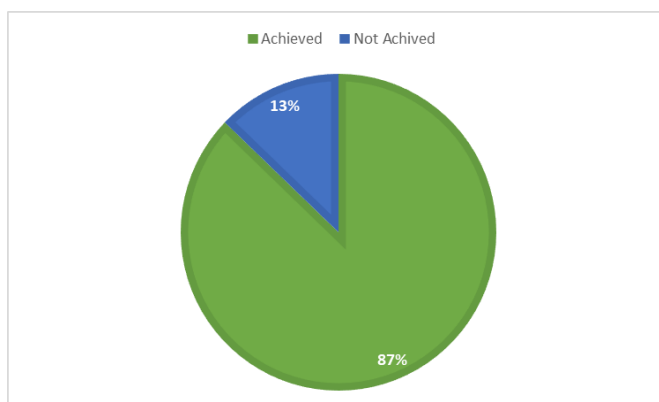
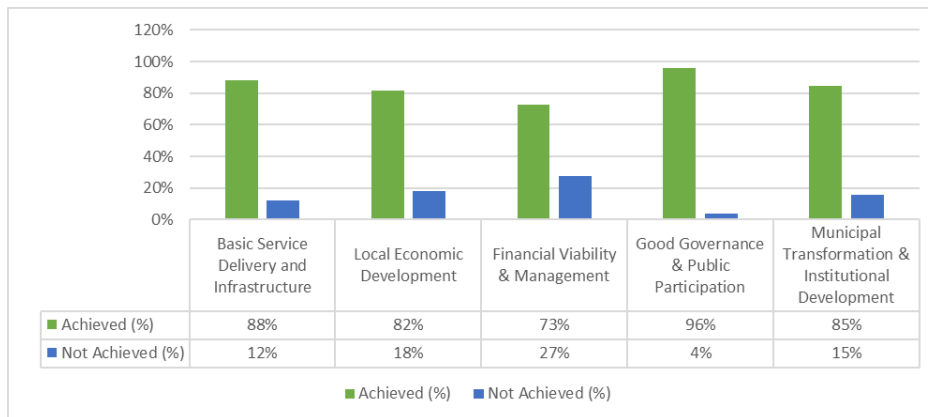
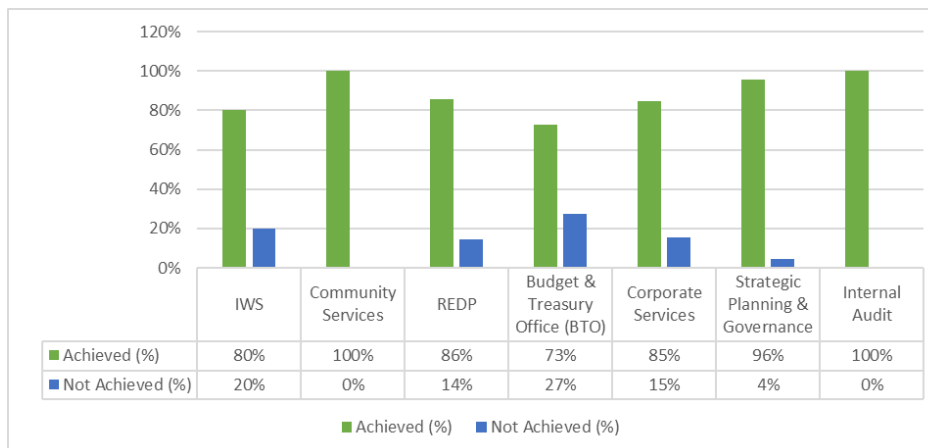
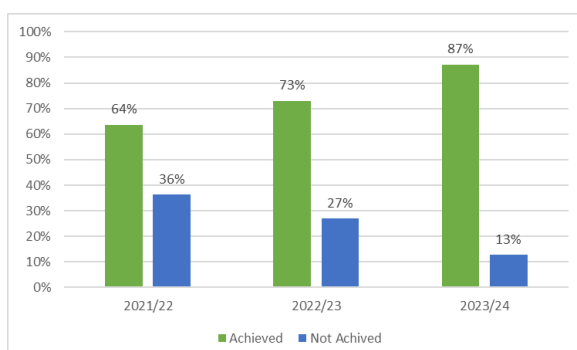


Figure 5: Institutional Performance per KPA**Figure 6: Institutional Performance per Department**

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 7: Institutional Performance for the past 3 years

The district has done well compared to the two prior years. Even though that is the case, the municipality did not reach the 90% achievement that was aimed for 2023/24 financial year.

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 1:1,52 is lower than the norm of 2:1 as prescribed by MFMA circular 71. The cash cost coverage ratio was 4 months at the end of the financial year and this is above the required norm of 1 – 3 months. The cost coverage ratio of four months means that the municipality has enough funds to cover its operational costs for a period of at least four months.

It is also important to note that the municipality managed to spend all the conditional grants allocated for 2023/24 financial year.

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 the organisational structure has been reviewed and approved by the council on the 07th December 2023, 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 1446

employees in total, with 50 labour turnover and 329 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. The municipality has started to roll out individual performance management system as it is cascaded down to all employees

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

The Auditor General of South Africa conducted an external audit for the 2022 - 2023 financial year and significant improvement was noted as compared to the previous financial years. The municipality obtained an unqualified audit opinion for the first time since its establishment.

Section 131(1) of the MFMA states that “A municipality must address any issues raised by the Auditor-General in an audit report. The mayor of a municipality must ensure compliance by the municipality with this subsection”.

The Municipality developed and adopted a Management Audit Action Plan which is guiding the municipal activities in implementing the recommendations of the Auditor General.

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

- The Municipality developed Management Audit Action Plan having implemented only 85% of the actions and 15% partially addressed.
- 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 4: 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 2023 - 2024 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	

No	Activity	Timeframe
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	December
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	January
17.	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Report to be used as input	

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 (8) Special Council Meetings, 1 Open Council meeting (State of the District Address) 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 5: 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	24
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 6: 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	02	05
Mhlontlo	5	03	02

2.1.2 Councillor Resignations, Replacements and Vacancies in 2023/24 Financial year

During the 2023/24 financial year, in quarter 1, Cllr Ngudle resigned and was replaced by Cllr Mbede; in quarter 2. Cllr Ngozi passed on and was replaced by Cllr Dyule. In quarter 3, Cllr K. Vava, a local municipality rep from Ingquza Hill Local Municipality resigned and was replaced by Cllr S.H. Mtshazo,. In quarter 4; three councillors resigned, Cllr Capa(Speaker), Cllr Sokanyile (Deputy Executive Mayor) and Cllr Bodoza after the National government elections held on the 29 May 2024.

2.1.3 Political Decision Making

The council adopted a municipal oversight model to strengthen its functionality. On 1 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 8: 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 six directors who were appointed in accordance with the approved MACRO 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:

Table 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

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.) During the 2023/24 FY the IGR unit focused on aligning the work of IGR workstreams to the work of the DDM. Six workstreams that were established have been aligned to workstreams of the DDM.

The function of all IGR structures in the district increased this financial year. The interface with provincial structures has also been strengthened 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 MUNICMEC 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 require knowledge of the public as per the Local Government: Municipal Systems Act No. 32 of 2000. The open council meetings are held one in a financial year. The Speaker of the Council and Chief whip convenes community outreaches as a link between the district municipality, local municipality and community members across the district.

Table 8: Community outreaches held

Programs	Wards	Dates
Outreach on Public Participation	Mhlontlo LM, Ward 22, Gungqwana	10 August 2023
Awareness campaign	Mhlontlo LM, Ward 26, Gwali	23 August 2023
Engagement Session with Stakeholders	Ingquza Hill LM, Qawukeni village	22 September 2023
Voter Education	PSJ LM, Ward 1, Mathandela Qandu village	02 October 2023

Programs	Wards	Dates
Public Engagement on Voter Education	PSJ LM, Ward 04, Tombo Tuseng Hall	11 October 2023
Engagement Session with Stakeholders	Nyandeni LM, ward 31, Nyandeni Great Place	20 October 2023
Public meeting on Section 28 of Municipal Demarcation Act.	Ingquza Hill LM, Ward 31, Sobho Ngxaliwe	23 October 2023
Voter Education Drive	Ingquza Hill LM, Ward 7, Siphezini	24 October 2023
Voter Awareness and Online registration	KSD /Cicira TVET college	26 October 2023
Outreach on Voter Education	Mhlontlo LM, Ward 23, Cokomfeni	10 November 2023
Public engagement Civic Education	KSD LM, Ward 36, Lwandlana	07 February 2024
Public engagement	Mhlontlo LM, Ward 22, Mabholompa , Zwelivumile	14 February 2024
Stakeholders Engagement	Ingquza Hill LM, Ward 20, Dubana Village	27 February 2024
Awareness on petition Management	KSD LM, Ward 27, Ithala village	27 February 2024
Community outreach	KSD LM, Ward 17, Nqwathi	29 February 2024
Stakeholders Engagement	PSAJ LM, Ward 06,	16 th March 2024
Traditional leaders' Summit	Nyandeni LM, Ward 10, Dan's Lodge	3 rd and 4 th April 2024
Civic Education	Nyandeni LM, Ward 6, Ciben	25 April 2024
Voter education	KSD LM, Ward 20, Mthentu	25 April 2024
Voter Education	KSD LM, ward 19, Tantseka	25 April 2024
Awareness campaign on Voter Education	KSD LM, Ward 14, Kaplan	14 May 2024
Awareness campaign on Voter Education	KSD LM, ward 19 and 28, Cacadu Traditional Authority	15 May 2024

Programs	Wards	Dates
Awareness campaign on Voter Education	KSD LM, Ward 29, Lower Ngqwarha Traditional Authority.	16 May 2024

2.5 IDP Participation and Alignment

In line with the requirements of Section 25 of Local Government: Municipal Systems Act, 32 of 2000, municipalities are required to develop a strategic plan to be implemented over a period of five years, in line with each term of Council. That strategic plan is referred to as the Integrated Development Plan (IDP).

As per the requirements mentioned above; the municipality developed and approved an IDP for the 2022-2027, which was approved in May 2022 for the current term of Council. According to Section 34 of the MSA, the municipal council is required to review IDP annually to ensure that the plan remains relevant to the needs of the municipal community.

The municipality developed and adopted a framework for the review of 2024 - 2025 IDP, containing information and guidance on how the processes would be conducted as well as an identification of stakeholders and their role in the review process. The IDP was later approved by Council on 17 May 2024.

The District Municipality coordinates meetings with Development Planners in the district to facilitate issues of compliance, mitigation measures in case of challenged municipalities, improve participation by stakeholders in the IDP affairs and to jointly ensure credibility of IDP(s). Department of Cooperative Governance and Traditional Affairs (CoGTA) partake in these meetings to facilitate joint planning.

As guided by Chapter 4 of the MSA, a series of meetings are held in the form of Representative Forums, Mayoral Outreach and sector engagements. In these meetings, stakeholders are afforded an opportunity to participate in the review phases of the IDP. Participation of stakeholders including sector departments has improved.

COMPONENT D: CORPORATE GOVERNANCE

2.6 Risk Management

The Municipal Finance Management Act section 62 (l) (c) requires a municipality to have and maintain an effective, efficient, and transparent system of risk management. Risk management is defined as the identification and evaluation of actual and potential risk areas applicable to an organization, followed by a process of mitigation, acceptance, transfer, or avoidance of each risk. O.R. Tambo District Municipality subscribes to the principles of good governance and further is committed to carry out its activities in an effective and efficient manner through ensuring that risks are minimized, and opportunities are explored.

O.R. Tambo District Municipality has institutionalized risk management throughout the institution, and this has led to significant improvements in the risk management culture and the management of risk is embedded into planning, performance, daily operations and most importantly decision-making. To ensure effective risk management, the Municipality has established a dedicated Risk Management Unit with a main goal of assisting the Accounting Officer.

2.6.1 Risk Maturity

The OR Tambo District Municipality is making continuous strides to enhance the risk management culture, ensuring its integration into planning, budgeting, daily operations, and, most importantly, decision making processes. An assessment of the risk maturity level for the OR Tambo District Municipality had been taken through an online tool provided and supported by National Treasury. The Municipality risk maturity level for this financial year is ranked at level 4 as per the National treasury maturity model. While risk management processes have been designed and defined, the Municipality has not yet achieved the desired level where risk management is fully ingrained in the organisational culture to reap the associated benefits. It is crucial to conduct continuous risk assessments to identify emerging risks and opportunities.

The desired risk maturity is level 6 as per the National Treasury model, meaning the Municipality will reach a state where the risks taken are consistent with its risk tolerance, significant progress has been made during the year under review to improve the risk maturity level, the Municipal Manager had developed risk management implementation plans, conducted risk management workshops, and integrated risk operations, processes, and planning. The Council continues to monitor the implementation of the approved risk policies and implementation plans.

2.6.2 Risk Identification, Monitoring & Risk Reporting

O.R. Tambo District Municipality's Council monitors risk through the risk management committee. The Committee plays an oversight role to ensure that there is an effective risk management process and system within the organization. This committee is chaired by an independent Chairperson and comprises a mix of external stakeholders and internal members, bringing together diverse skills and knowledge. The committee convenes four times annually in alignment with the approved institutional calendar for the year under review. Quarterly reports on the status of risk management are presented to the Audit Committee, which serves in an oversight capacity and is mandated to report to the Council on the status of risk management within District.

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 2023/24 financial year a strategic risk assessment was performed by management and the strategic risk register was updated quarterly. The strategic risk register excludes other risk such as operational risk and project risk as the Municipality had developed separate risk registers for such risks.

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

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 and independent service provider was appointed to manage, monitor, report and investigate fraudulent matters reported to the hotline. 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 institution has an internal audit unit who on an annual basis conduct annual audit awareness in areas of high risks.

2.8 Ethics & Integrity Management

The O.R. Tambo District Municipality subscribe to high ethical standards and principles. The leadership provided by the council is characterised by the values of responsibility, accountability, fairness, and transparency, and has been a defining characteristic of the Municipality. The Municipality main objective has always been to do business ethically while building a sustainable Municipality that recognises the short- and long-term impact of its activities on the economy, society, and the environment. In its deliberations, decisions, and actions.

Principle 2 of the King IV report indicates that the governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. The Municipal Integrity Management Framework recommends that the Municipal Leadership should set the tone and drive good governance, organisational integrity and anti-corruption initiatives and the framework further recommends that a relevant committee should provide strategic guidance and oversee implementation of the municipality's integrity promotion and anti-corruption strategy

To ensure a strong programme to promote integrity and fight corruption, the Municipal Manager had established an internal ethics management committee. The ethics committee is chaired by

the Director Corporate services (ethics champion) and the Chief Risk Officer who provides the secretariate duties for the committee and Function as an Ethics Officer. The purpose of this committee is to ensure an integrated approach on ethics and integrity management and monitors the implementation of the Ethics Implementation Plan. The Ethics Committee reports to the Risk Management on the implementation of Ethics Management Implementation plan

2.9 Supply Chain Management

During the year under review, the shortage of staff continued to be a challenge in the supply chain management unit and has led to serious overload to the existing staff. This is due to the review of the organisational structure and the development of the job description forms and job evaluation process that is taking long to conclude. In an effort to curb these challenges, the department appointed five contract workers for a period of a year to temporarily fill positions that are at a lower level to ensure that there is segregation of duties.

Implementation of procurement plans

Procurement plans and service delivery budget and implementation plans are not properly 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 and Supplier Performance

There is a slight improvement in the contracts management as all contracts are centralised to the supply chain management unit. As part of the management action plan, management will ensure that all contract registers are fully populated and linked to ensure that they reflect the correct status of all contracts that the municipality has.

Supplier performance continues to be an issue for the municipality as not all reports are produced for each contract that is still active. Some of the contracts were awarded a long time ago and are still active but reasons for non-completion are not well documented to assist in blacklisting suppliers who are poor performers. Management has developed a supplier performance template to be used by the end user departments that is to be submitted with each and every payment certificate.

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:

- The irregular expenditure has been reduced as the Municipal Public Accounts Committee did approve some write-off after thoroughly investigating and concluded that there was value for money in the expenditure spent.
- All deviations are approved after having been processed by the budget and treasury office and approved by the accounting officer.
- Appointment of service providers through the use of transversal contracts with the National Treasury.
- Timeous sitting of bid committees
- Standard operating procedures for SCM have been developed and approved
- Development of a procedure manual on use and rotation of all term contracts
- Training of SCM staff, bid committees, MPAC and the DC board.
- Appointment of service providers by means of term contracts.
- Development of a procedure manual to ensure reduction in reduction of irregular expenditure

Table 9: SCM SWOT Analysis

Strengths	Weaknesses
• SCM Policy reviewed in line with latest legislation and best practices and adopted by Council on the 30 May 2023 • 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	• Partial implementation of the SCM Policy. • Disjointed committee system • 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).

	• 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. • 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. • Partial compliance to all SCM circulars
Opportunities	Threats
• 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.	• 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.
- Strengthening of the 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 ad-hoc 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.
- 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
- Fully 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.

2.10 By-laws

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

Table 10: **By-Laws**

By-laws developed, reviewed and approved during 2023/24 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	No	No	Not publicised	Not yet	N/A
Municipal Health	No	No	Not publicised	Not yet	N/A
Fire Services	No	No	Not publicised	Not yet	N/A

2.11 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 11: Municipal Website Contents

Municipal Website: Content and Currency of Material		
Documents Published on the Municipal Website	Yes/No	Publishing Date
• Annual budget (2023/24)	No	N/A
• All current budget-related policies	No	N/A
• Budget adjustments and all budget-related documents (2023/24)	No	N/A
• The previous annual report (2022/23)	Yes	27/03/2024
• The Annual Report (2022/23) to be published	Yes	27/03/2024
• All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023/24) and resulting scorecards	No	N/A
• All service delivery agreements (2023/24)	No	N/A
• All long-term borrowing contracts (2023/24)	N/A	N/A
• All supply chain management contracts above a prescribed value R200 000.00 for 2023/24	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 2023/24.	No	N/A
• Contracts agreed in 2023/24 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 2023/24	No	N/A
• All quarterly reports tabled in the council in terms of section 52 (d) during 2023/24	No	N/A

2.12 Public Satisfaction with the Municipal Services

The public satisfactory survey planned to be done in the 2023/2024 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.

2.13 All Municipal Oversight Committees

2.13.1 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.

2.13.2 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 the afore stated governance frameworks on the 01 December 2021.

2.14 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 12: Number of Ward Committee Members per LM

The ward Committee Structures had been established in all five (05) Local Municipalities within the ORTDM. The model used in the establishment was Geographic and Hybrid, and it depended on the guidelines adopted by each municipal Council.

Municipality	Number of Wards	Number of Ward Committees Structures	Date of Establishment	Model used
Ingquza Hill LM	32	320	24 February 2022	Geographic
King Sabatha Dalindyebo LM	37	370	12 January 2022	Hybrid/ Geographic and Sectoral
Mhlontlo LM	26	260	30 November 2021	Geographic
Nyandeni LM	32	320	15 February 2022	Geographic
Port St Johns LM	20	200	28 January 2022	Geographic
Total		1 470		

Monitoring Tool on Functionality of Ward Committees

The Municipality monitors the functionality of ward committees within the district by using the Ward Committee Monitoring Tool and is submitted to the district municipality on a quarterly basis. For 2023-2024 financial year, all local municipalities were submitting reports on ward committee functionality.

Table 13: Assessment Tool on Functionality of Ward Committees

NB: Refer to the table below for full details on ratings.

TERM	DESCRIPTION	RATING
Highly effective 120%-133%	Performance far exceeds the standard expected	4
Fully effective 100%-119%	Performance fully meets the standard expected	3
Partially effective 67%-99%	Performance meets some of the standards expected	2
Not effective Less than or equal to 66%	Performance does not meet the expected standard	1

NAME OF MUNICIPALITY: Ingquza Local Municipality							
				RATINGS			
	YES	NO	REASON	1	2	3	4
Are Ward committee meetings sitting?	Y		N/A				x
Are Ward meetings also convened?	Y		N/A				x
Are plans and reports with community service delivery priorities tabled in the Council?	Y		N/A				x
Are feedback community meetings conducted	Y		N/A				x
Are door to door campaigns conducted? / Are Households visits conducted	Y		N/A				X
Are complaints raised, processed and registered by ward committees?	Y		N/A				x

NAME OF MUNICIPALITY: Ingquza Local Municipality							
				RATINGS			
	YES	NO	REASON	1	2	3	4
Are Government publications distributed?	Y		N/A				x
Number of updated Ward Profiles.	32		N/A				x
Are wards supported in the development and implementation of Ward Operational Plans?	Y		N/A			x	

NAME OF MUNICIPALITY: MHLONTLO LOCAL MUNICIPALITY							
				RATINGS			
	YES	NO	REASON	1	2	3	4
Are Ward committee meetings sitting?	Yes				X		
Are Ward meetings also convened?	Yes				X		
Are plans and reports with community service delivery priorities tabled in the Council?	Yes						X
Are feedback community meetings conducted?	Yes					X	
Are door to door campaigns conducted?/ Are Households visits conducted	Yes			X			
Are complaints raised, processed and registered by ward committees?	Yes						X
Are Government publications distributed?	Yes					X	
Number of updated Ward Profiles.	26						

NAME OF MUNICIPALITY: MHLONTLO LOCAL MUNICIPALITY							
				RATINGS			
	YES	NO	REASON	1	2	3	4
Are wards supported in the development and implementation of Ward Operational Plans?	Yes					X	

NAME OF MUNICIPALITY: KING SABATA DALINDYEBO LOCAL MUNICIPALITY							
				RATINGS			
	YES	NO	REASON	1	2	3	4
Are Ward committee meetings sitting?	Y						X
Are Ward meetings also convened?	Y						X
Are plans and reports with community service delivery priorities tabled in the Council?	Y						X
Are feedback community meetings conducted?	Y						X
Are door to door campaigns conducted?/ Are Households visits conducted	Y						X
Are complaints raised, processed and registered by ward committees?	Y						X
Are Government publications distributed?	Y						X
Number of updated Ward Profiles.	37						X
Are wards supported in the development and implementation of Ward Operational Plans?	Y						X

NAME OF MUNICIPALITY: PORT ST JOHN'S LOCAL MUNICIPALITY							
				RATINGS			
	YES	NO	REASON	1	2	3	4
Are Ward committee meetings sitting?	Yes				X		
Are Ward meetings also convened?	Yes				X		

Are plans and reports with community service delivery priorities tabled in the Council?	Yes						X
Are feedback community meetings conducted?	Yes					X	
Are door to door campaigns conducted? / Are Households visits conducted	Yes			X			
Are complaints raised, processed and registered by ward committees?	Yes						X
Are Government publications distributed?	Yes					X	
Number of updated Ward Profiles.	20						
Are wards supported in the development and implementation of Ward Operational Plans?	Yes					X	

NAME OF MUNICIPALITY: NYANDENI LOCAL MUNICIPALITY							
				RATINGS			
	YES	NO	REASON	1	2	3	4
Are Ward committee meetings sitting?	Yes						X
Are Ward meetings also convened?	Yes						X
Are plans and reports with community service delivery priorities tabled in the Council?	Yes						X

Are feedback community meetings conducted?	Yes		There is feedback but not all the time.		X		
Are door to door campaigns conducted? / Are Households visits conducted	Yes					X	
Are complaints raised, processed and registered by ward committees?	Yes						X
Are Government publications distributed?	Yes						X
Number of updated Ward Profiles.	15		Not all wards have updated their profiles		X		
Are wards supported in the development and implementation of Ward Operational Plans?	Yes					X	

Community Development Workers

Community Development Workers had been employed by the Department of Cooperative Governance and Traditional Affairs to help individuals, families and Communities to bring social change, and improve the quality of their lives. There serve as a link between the communities and provide information on support services and support. Across the ORTDM, in Local Municipalities there are Community Development Workers who are allocated to various wards. The Monitoring is done by the COGTA and the ORDM.

Table 14: Allocation of Community Development Workers (CDWs) per Municipality

Municipality	Number of Wards	Number of Community Development Workers	Dates of sitting and Reporting
Ingquza Hill LM	32	23	20 th of every month
King Sabatha Dalindyebo LM	37	33	15 th of every month

Municipality	Number of Wards	Number of Community Development Workers	Dates of sitting and Reporting
Mhlontlo LM	26	23	20 th of every month
Nyandeni LM	32	24	20 th of every month
Port St Johns LM	20	20	23 rd of every month
Total	1 470		

Table 15: 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 16: 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 17: 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	12	06	05	1	1	1	1	1	-	01
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 Infrastructure, Water and Sanitation. This department has a vacancy rate of 1%. Staff compliment as the end of June 2024 for this department is depicted in the table below:

Table 18: Employees - Water & Sanitation

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
874	873	1	1%

Over the financial year 2023-2024, the municipality had implemented projects funded by three national grants as follows:

Table 19: Projects Implemented in 2023/24

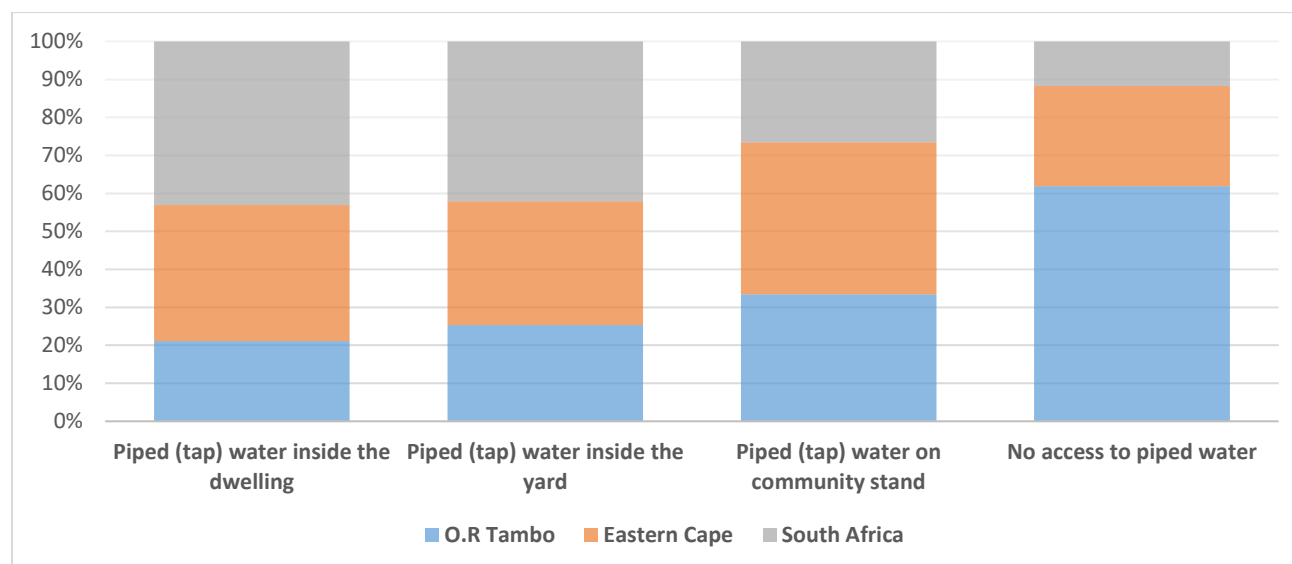
Grant	Amount	No of projects / Contracts		
		Planning	Construction	Completed
MIG	R 713 547 688,00	21	44	29
RBIG	R 120 700 000,00	0	7	0
WSIG	R 72 000 000,00	2	9	9

Eighty-Three (83) projects were implemented over the financial year through the three conditional grants. Out of these projects, 29 projects were completed and were able to connect 1569 households with portable water and 12 212 households were connected with sanitation (VIP).

Apart from the capital programme, 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 37 mega litres of water was catered and delivered to communities across the district. The figure below illustrates level of access of water for the district households:

Figure 9: Households by type of water access - O.R. Tambo, Eastern Cape and National Total, 2022 [Percentage]



Source: Stats.SA (Census) 2022

O.R. Tambo District Municipality had a total number of 91 776 (29,3%) households with piped water inside the dwelling, a total of 42 975 9 (13,7%) households had piped (tap) water inside the yard, a total of 35 017 (11,2%) households, 35 017 (11,2%) of households relied on Piped (tap) water on community stand and a total of 143 768 (45,9%) had no access to piped water.

Table 20: Households by Type of Water Access - O.R. Tambo District Municipality

	O.R Tambo	King Sabata Dalindyebo	Mhlontlo	Ingquza Hill	Nyandeni	Port St Johns	St
Piped (tap) water inside the dwelling	91 776	48 575	11 839	11 275	14 260	5 827	
Piped (tap) water inside the yard	42 975	28 680	5 551	2 199	4 927	1 618	
Piped (tap) water on community stand	35 017	6 213	9 560	4 601	8 558	6 085	
No access to piped water	143 768	31 113	17 031	45976	32 536	17 113	

Source: Stats.SA (Census) 2022

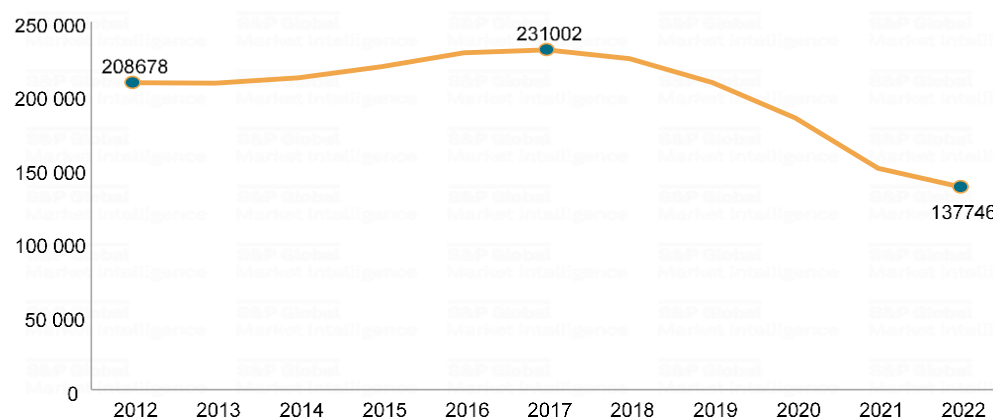
The municipality with the highest number of households with piped water inside the dwelling within O.R. Tambo District Municipality is King Sabata Dalindyebo Local Municipality with 48 575 or a share of 42,4%. The municipality with the lowest number of households with piped water inside the dwelling is Port St Johns Local Municipality with 5 827 or a share of 19, 0% of the total households with piped water inside the dwelling within O.R. Tambo District Municipality.

Table 21 : **Water Backlog**

	2011		2022	
	Frequency	Percentage	Frequency	Percentage
Piped (tap) water inside the dwelling	26 454	8,9%	91 776	29,3%
Piped (tap) water inside the yard	30 658	10,3%	42 975	13,7%
Piped (tap) water on community stand	89 521	30,0%	35 017	11,2%
No access to piped water	151 897	50,9%	143 768	45,9%

Source: Stats.SA (Census) 2022

While the number of households having access to any type of piped water, either piped water inside the dwelling, piped (tap) water inside the yard, or piped (tap) water on community stand has increased, O.R. Tambo District has the highest proportion 143 768 (45,9%) of households with no access to piped water.

Figure 10: **Households with piped water**

Source: South Africa Regional eXplorer v2443

When looking at the water backlog (number of households below RDP-level) over time, it can be seen that in 2012 the number of households below the RDP-level were 209 000 within O.R. Tambo District Municipality, this decreased annually at -4.07% per annum to 138 000 in 2022.

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 12 212 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 1802 toilets during the year under review.

The major achievement in waterborne sanitation is the commissioning of the Tsolo Wastewater Treatment with completion of the two sewer projects in Tsolo town and surroundings and Crossbow. The standard of service for these areas have improved from use of pit latrines and septic tanks to flushing system. Qumbu WWTW is under construction.

Two contracts in Flagstaff for construction of sewer reticulation in Thabo Mbeki and completion of phase 2 at the Waste Water Treatment Works are in progress while the three contracts under Lusikisiki sewers phase 2 are under commissioning.

Table 22: Sanitation level of service per local municipality

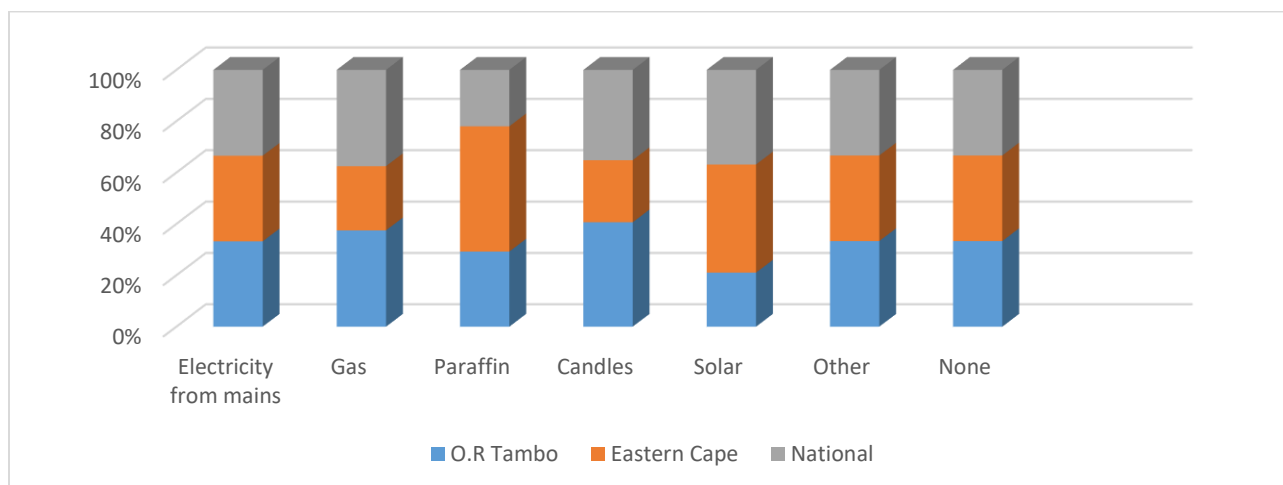
Local Municipality	Above & at Minimum Service Level		Below Minimum Service Level			Total
	Flush Toilet	Ventilated Improved Pit (VIP)	Pit Toilet	Informal Systems	No Toilet	
King Sabata Dalindyebo (KSD)	34 000	64 045	16 600	606	6 660	1 22 000
Ingquza Hill	6 870	44 400	11 200	1 100	2 800	53 200
Port St 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 Household by type of electricity

Households are distributed into three (3) electricity usage categories: Households using electricity for cooking, Households using electricity for heating, households using electricity for lighting.

Households are distributed into three (3) electricity usage categories: Households using electricity for cooking, Households using electricity for heating, households using electricity for lighting. Figure 16 below provides a highlight of predominate use of electricity for lighting in O.R Tambo District, Eastern Cape and National.

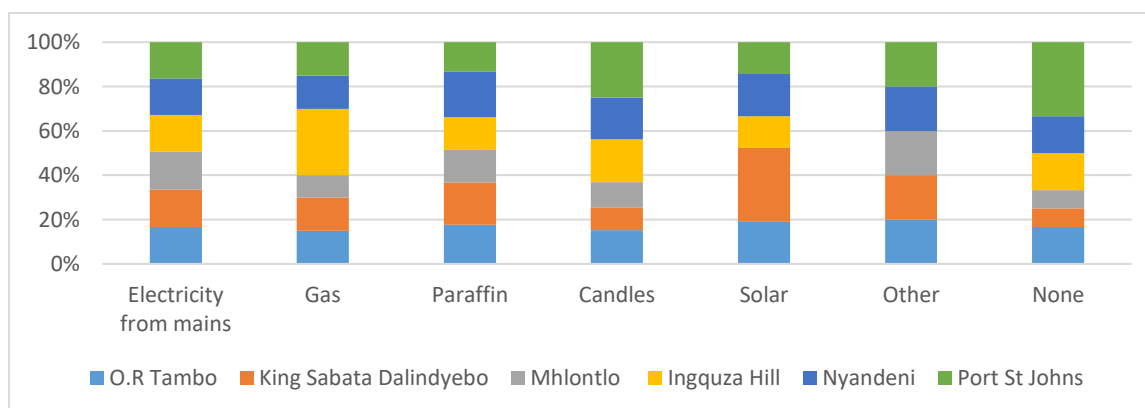
Figure 11: Households by type of electrical connection - O.R. Tambo, Eastern Cape and National Total



Source: Stats SA 2022 (Census)

The proportion of households using electricity as the main source of energy for lighting increased significantly from 70, 1% in 2011 to 94, 1% in 2022. The dependency rate on candles and candles decreased respectively. In 2011 proportion of households using candles for lighting was 23, 7% compared to 3,7% in 2022. The use of paraffin declined from 5, 2% in 2011 to 1, and 2% in 2022. The percentage of households with no access to any source of energy was also reduced from 0, 4% in 2011 to 0, and 2% in 2022.

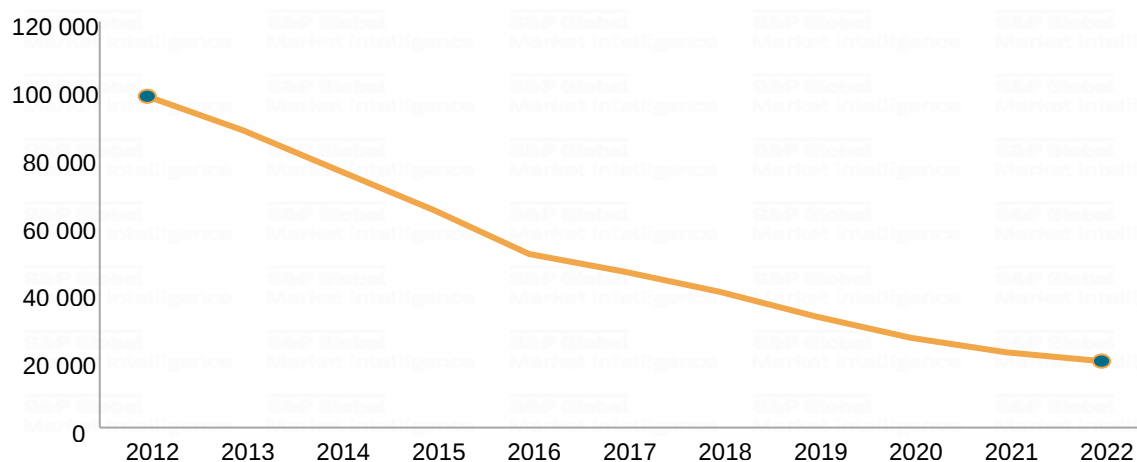
Figure 12: Household access to electricity for lighting by Local Municipality in O.R. Tambo District.



Source: Stats.SA 2022 (Census)

The region within O.R. Tambo with the highest number of households using electricity from the mains for lighting is Mhlontlo Local Municipality with 42 105 or a share of 95,7% of the total number of households. The region with the lowest number of households with access to electricity as the main source of lighting is Port St Johns with 28 172 or a share of 91,9% of the total number of households.

Figure 13 : Electricity Backlog



Source: South Africa Regional eXplora v2443

When looking at the number of households with no electrical connection over time, it can be seen that in 2012 the households without an electrical connection in O.R. Tambo District Municipality was 97 900, this decreased annually at -14.85% per annum to 19 600 in 2022.

3.4 Environmental Management and Waste Management

Environmental management draws its mandate from the Constitution of the Republic – **Section 24** (Bill of rights). Municipalities have executive authority in respect of, and the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5.

- **Part B of Schedule 4** - air pollution; fire-fighting services; and municipal planning
- **Part B of Schedule 5** - noise pollution; and refuse removal, refuse dumps and solid waste disposal.
- **Delegation** - Section 156(4) of the Constitution acknowledges that even where matters are listed in Part A of Schedules 4 and 5, and accordingly are reserved for national and/or provincial legislative authority, there may be circumstances in which they may be most effectively dealt with by municipalities.

NEMA – Development of Environmental Management Plan. The district municipality has Environmental Management Forum where waste management issues are discussed. For safe and secure environment

Convenes on Quarterly bases as illustrated in the Service Delivery and Budget Implementation Plan. District Safety Strategy was approved in 2010 Integrated District Safety and it is due for review.

The unit has a full staff complement headed by manager responsible for environmental and waste management. Below is the status quo in terms of implementation of other legislative prescripts. The municipality is in process of developing the environmental by laws. Currently the municipality is at the stage public participation stage through an appointed service provider.

The district has reviewed, presented the draft to the council and the IWMP has been approved, conducted awareness campaigns, report progress and established mega recycling initiatives and created employment through all its waste management projects. It has also capacitated business in the waste industry. The District has also conducted the 2022/2023 Greenest Municipality competition to and compete provincial and National. The Port St Johns has completed as number 1 in the 2023 financial year district Greenest Municipality Competition and came number 6 in the Provincial awards and emerged as the municipality the best and fully compliant landfill site in the province.

Overall Environmental Governance

The municipality currently does not have blocked projects, they were lastly cleared in 2022 - 2023 by an allocated budget of 182 million and an additional 1 billion and some of those are being implemented. To address the past and current social inequalities in localities where there are both high levels of poverty and demonstrated economic potential the municipality provide benefits for local communities through implementation of housing projects

3.5 Community Services

3.5.1 Community Safety

The core mandate of the unit is to ensure and works well within the confinements of the relevant legislative frameworks that governs community safety and security. The mandate is drawn from

the South African Constitution Act. 108 of 1996 in Section 151 and 152 which promote safer and sustainable community, through local government involvement. 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. The aim as well is supporting and advising on implementation of developmental and preventative diversion programmes, improving community safety, strengthening families, promoting safety at schools with DoE. Further to this is to:

- Promote and support Crime prevention, crime risk reductions across various spheres of governance and advice Council accordingly.
- Provide 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 spaces" for communities, e.g., adequate street lighting, safe parks and recreational facilities, the built of high mast lighting in crime prone areas etc.
- Further underpin 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*.

3.5.2 Community Safety and Awareness

O.R Tambo District municipality conduct Community safety and awareness programs together with its partners, which are Departments of Social Development (DSD) , South African Police Services, Department of Correctional Services, Department of Education and Civil Society organizations. This does not exclude any other partnership e.g. local municipalities in the region, Community Safety (Provincial) and Home Affairs. The municipality responded to the invitation by Chief Bovulengwe Mtirara in an Imbizo at Ward 31 that aimed at addressing issues of GBV, and Crime and Safety at Schools. There is a functional Safety Forum.

The God's Ministry (eMatyeni, Slovo Park); Ward 08 in KSD also embarked on an awareness of church members Women's month aligning themselves to the 09th of August National Women's month march. The church seeks to focus on early awareness and intervention programmes, addressing the escalation of the above-mentioned / crimes and social ills, as a civil society organization.

3.5.3 Gender Based Violence Femicides (GBVF)

An event was organised in the O R Tambo region by the National Department of Correctional Services where the National Commissioner was responding to the risks posed by ex-offenders and concerns of the community in the Ingquza Municipal Area. In the event there was a Lusikisiki-Men's GBVF Dialogue where the target audience was male ex-offenders. Further engagements were done with Department of Community Services to participate in this GBVF dialogue, with partners and stakeholders. Emanating from the dialogue are planned future programs / interventions focusing on youth.

3.5.4 School Safety and Awareness

There are interventions in place to address drug abuse and safety awareness. A School Safety & Awareness programme in Ndamase S.S. S (Ward13, Ngqeleni, which is under Nyandeni municipal area on the 27th.July 2023), E.N. Seko (Bityi Ward 15, KSD 19th. Sep.2023). in addition to the programme was focus on drug abuse, mental health, trafficking of person/s, reproductive health, GBVF. There are safety interventions conducted and among the schools that benefited are Tsolo Community Schools: Celebrating World Environmental Health Day, Jongilizwe J.S.S,

Tsolo High School, Victory Christian School, and Resident J.S.S. An Arbor Day convened on issues of environmental awareness and climate change in ward 15 &17 at the KSD municipal area together with the Disaster International Strategy for Disaster Reduction (ISDR) on 28th. Sep.2023 in Ntabelize S.S.S and a session at Hlamvana J.S.S, Ward 04, 27th. Sep. 2023 in Port St. Johns.

3.5.5 Social Development

Social Development relates to matters implementing socio-economic development programs focusing on capacity building and institutional arrangement in support of vulnerable groups. Social Development is a section that seeks to address social ills through planning, empowerment, implementation & coordination. The exercise is focusing on all vulnerable groups, namely, Women, Children, Youth and Disabled people for their betterment. In facilitating Early Childhood Development (ECD), a functional forum sits on a quarterly basis. Following are the interventions for 2023 – 2024:

- **Child protection**, 75 foster parents were trained in the five local municipalities. The trainings took place from 23 October 2023 to 27 October 2023 where 15 members benefited from five local municipalities.
- Youth from Mhlontlo municipal area is capacitated on **Moral regeneration** life skills program. There were 20 youth members that were identified and the municipality is in the procurement stage to source a service provider that will conduct training.
- **Social Relief of Distress (SRD)** Response program to disastrous incidents

There is an ECD Forum coordination on quarterly basis and over and above these interventions are support programs on 15 Early Childhood Development Centres (ECD) that were supported with a Greening program (vegetables and fruit inputs) as follows:

Table 23: ECD Centres Supported

MUNICIPAL AREA	IDENTIFIED CENTRE FOR SUPPORT
Ingquza Hill	Nokulunga preschool
	Thamsanqa preschool
	Little Stars preschool
Port St Johns	Mahayoyo preschool
	Newstar preschool

MUNICIPAL AREA	IDENTIFIED CENTRE FOR SUPPORT
	Luncedolwethu preschool
Nyandeni	Siseko preschool Thulasizwe preschool Masakhane preschool
Mhlontlo	Siyakhula preschool Khungeka preschool Mbuthe DCC
King Sabatha Dalindyebo	Qawukeni preschool Masivuke preschool Jojweni preschool

3.6 Human Settlements

The O.R. 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

3.6.1 Houses Built on Human Settlements Development Grant

The Department of IWS: Human Settlements has completed Three Hundred and Forty-One (341) housing units within the OR Tambo Region for the 2023/2024 financial year, the completed housing units have been built in the following local municipalities hereunder:

Table 24: Completed housing units per LM

Local Municipality	No of Units completed
Ingquza Local Municipality	161
Port St Johns Local Municipality	129
Mhlontlo Local Municipality	51

3.6.2 Internal Social Relief Houses

The district has assisted with social relief houses two vulnerable households, for one beneficiary from Ingquza Hill Local Municipality and one from Port St. Johns Municipality.

3.6.3 Training of Youth and PDI contractors

A total of Thirty-two (32) emerging contractors/ local builders were trained consisting of youth and women. The training was held in King Sabata Dalindyebo Local Municipality ward 33, Qweqwe Village. The training was 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.

3.6.4 District Human Settlements Strategy

The District Municipality has adopted a District Human Settlements Strategy that sets the Municipal Strategy on integrated Human Settlements and will serve as a Housing Chapter into the IDP document.

3.6.5 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.

3.6.6 Human Settlements forum

The Department is resuscitating a human Settlements forum that plays an information sharing, oversight, accountability and monitoring of human settlements development. The composition of the forum includes but not limited to all Human Settlements portfolio heads and officials from all LMs and the Department of Human Settlements.

Table 25: Strategies in Place, improvement areas and interventions to challenges identified.

strategies	Improvement areas	Interventions
• To facilitate speedy procurement of goods and services	• Record keeping • Meet set timeframes • Constant follow up on requisitions	• Introduce correspondence delivery register. • Monitor budget expenditure • Alignment with district records system
• Improve work conditions for staff	• Conducive office space and tools of trade	• Provisioning of offices with office equipment
• Emergency procurement plan	• Emergency procurement arrangements	• Facilitate development of dedicated emergency procurement plan
• Building material term contact	• Improve time frames in providing housing for social relief housing projects	• Material will be procured from several service providers and delivery on site for construction of houses

Table 26: **Strategies, Projects, Outputs and Impact**

Strategies	Projects	Output	Impact
Houses Build on Human Settlements Development Grant	HSDG 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 Establishment, and Housing Sector Plan	Human Settlements Strategy, Housing Needs, Informal Settlements upgraded,	Strategic Direction, Planning and funding allocation, viable and Liveable Human Settlements
Human Settlements Consumer Education	Consumer education workshops	Workshops and Training	Well informed communities, smooth running of projects,

3.7 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. The qualifying income level for a household as described in this Policy will be less or equivalent to two state pension grant per year. 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.

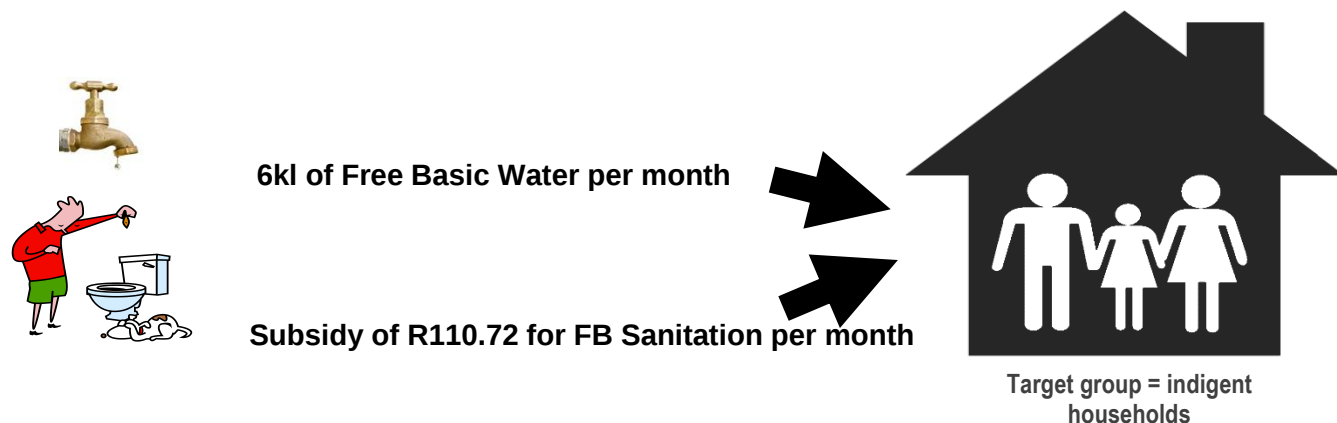
The fundamental aim of Indigent Policy is to guide the process of improving access to Free Basic Services by deserving indigent beneficiaries so that their lives can be improved. Establish a way, these residents can be identified and registered in the municipality's indigent register.

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:



3.7.1 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.

3.7.2 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.

3.7.3 Indigent register

For registration purposes, Applicants will be requested, amongst other supporting/compulsory documents, to sign and submit a sworn affidavit to the effect that all information supplied to the

municipality is true and correct. If the application is approved, the assistance/support will be valid for a period of 24 months without any guarantee of renewal.

The register is updated on a monthly basis to ensure that the subsidy is received by the eligible beneficiaries.

The indigent Register has 394 certified indigents thus far. The section has embarked on an exercise to reconcile the Indigent Registers of Local Municipalities with the one from the District Municipality.

COMPONENT B: ROAD TRANSPORT

3.8 Roads

3.8.1 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.

3.8.2 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.

3.9 Transport

The District Municipality has a duty to coordinate the transport sector within the district. As such, the Municipality has adopted a review of the Integrated Transport Plan.

3.10 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.

3.11 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 35%. Staff compliment as the end of June 2024 for this department is depicted in the table below:

Table 27: Employees - REDP

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
37	24	13	35%

3.12 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 Seaboard 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 track 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.

3.12.1 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 28: 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.

3.13 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 2023/2024 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 of 2024/25.
- 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.

3.13.1 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 2023.

3.13.2 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.

3.13.3 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 financial year programs.

3.13.4 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.

3.13.5 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 boasts 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.

3.13.6 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 Downtown Accommodation and Fisheries.

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 63%. Staff compliment as the end of June 2024 for Community Services department is depicted in the table below:

Table 29: Employees – Community Services

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
322	116	206	63%

3.14 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.

3.14.1 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.

3.14.2 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

3.15 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.

3.15.1 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

3.15.2 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 spaces” 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*.

3.15.3 Programmes achieved, highlights and plans: 2022-23

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.

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. **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. **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.

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.

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.

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.

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.

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.

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.

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

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.

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).

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).

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 suspicions 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 arrests 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.

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.

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.

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,

3.16 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.

i. 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)

ii. Source of Funding

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

iii. Projects/Programmes/Activities of the Section

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

iv. 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.

3.17 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.

v. 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 indiscriminate 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.

vi. 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 no 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.

vii. 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.

viii. 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.

ix. 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.

x. 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 indiscriminately disposal of waste is discouraged as it results to 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%.

xi. 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.

xii. 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

3.18 Executive Mayoral Services

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, 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.

The following activities were conducted in the 2023 – 2024 financial year:

3.18.1 CHILDREN

Early Teenage Pregnancy Workshop took place at Jongintaba SSS, Mqhekezweni, ward 18 of King Sabatha Dalindyebo local municipality. The Municipality in partnership with Gcinabantu Hudgson Ngcukayithobi Foundation (GNF), Office of the Premier (OTP) and the Department of Education did an awareness campaign as to sensitize the young girls about abstinence help them not to have children at the early ages, finding them as young mothers before time. Seven schools attended the programmes, including Jongintaba SSS, EN Seku SSS, Chief N.Z Mtirara SSS, Kulanathi SSS, Menziwa SSS, Efata Special School, and Bambilanga SSS. Ninety-five (95) Sanitary towels pack for girls who are doing grade 12 received the packs. The district municipality did transportation of learners from nearby schools. GBV Awareness at Mqhekezweni Location was conducted at Mqhekezweni, ward 18 of King Sabatha Dalindyebo through mainstreaming with the office of the Premier and Ngcukayithobi Foundation at KSD LM. Issues of GBV mainly

affecting women and children have plagued Mqhekezweni location. This resulted to high learner dropout and poor academic performance.

The municipality facilitated the National Techno Girl Program for children in and out of schools, an assessment of skills through mainstreaming with sister departments like department of education. During the month of August (Women's Month, four children went to Western Cape for a training that was conducted by Navy Army in Cape Town, where O.R. Tambo children participated in skills on hospitality career in the chips, training of live ammunition in the ship. The training took 4 days and is going to continue during December holidays. See attached table for children who have attended the training from OR. Tambo District Municipality. Support was also provided in the form of transporting the children from their local municipalities to East London as to join other learners to Cape Town by Aircraft who are as follows:

Table 30: Supported Learners

Mavula Mbasu	Port STJohns LM (PSJ SSS)
Sibanda Awakhiwe	Port St Johns LM (PSJ SSS)
Nonzolo Vuyanathi Sinyanya	Ngquza Hill LM (Toli SSS)
Ngwane Athenkosi	Ngquza Hill LM(Toli)

On 20 July 2023, the Office of the Premier conducted Day of African Child Workshop in Mount Fletcher aiming at empowering children on their rights and values of being an African, as well as their cultures and cultural diversity. There was participation in the National Children's Parliament held between 12-15th of July 2023 in Bisho where two (2) Children from the O.R Tambo District were transported to attend and participate focusing on issues affecting children, including their skills development needs, GBV, bullying in schools, discrimination based on race among children, rights, and protection for people with albinism. Children Empowerment on Coding for 300 learners from different schools around Qunu and Mthatha as means of instilling innovative skills. Skills on innovative were taught to learners and learners from Mthatha High won R5000 from the competition. The skill will assist learners to be able solve problems in an innovative space. Support to schools' program took place in two schools Dumezweni SPS and Majola Tech learners were supported with calculators.

3.18.2 GENDER

On the 11th and 12th of July the OR. Tambo Multi-Party Women Commission facilitated a Widows forum with SPU unit on coping mechanism after loss, life coach financial management, wills and budgeting. A Women Awareness programme was conducted on 23rd of July to capacitate youth on daily challenges and providing mechanisms to deal with trauma caused by GBVF. These further continued on 23 August 2023. A **GBVF Awareness Programs** was conducted in Lusikisiki College providing awareness on violence against women, children, youth and people living with disabilities. This was f on the 25 of July 2023. On the 29 September 2023 under **HIV/AIDS** Inkciyo abstinence workshop was conducted. HIV and Teenage pregnancy prevention programs were held in the following Mhlontlo schools, Ngqwala S.S.S, 29th April , Cameroon Ngudle S.S.S on 30t April 2024.

Miss and Mr Inkciyo was held on 14 June of 2024. Initiation awareness was held at Mhlontlo in Lutuka S.S.S, Reuben Ntuli S.S.S, Tsolo S.S.S, Dilizibantaba S.S.S, at Ingquza – Hill in the following areas, Nkunzimbini traditional Council, Buhlanyanga Traditional Authority and Lambasi Village. On skills development 300 women from Philani Project and Mthatha Women`s Manyano`s were trained on **weaving** at KSD local municipality. **Gender Equality Accountability Debate** was conducted on 24 December 2023.

GBVF Awareness a Kwa-Msikwa A/A , P.S.J on the 3rd of October 2023 the office in partnership with O.R.Tambo Multi-Party Women Caucus conducted GBV Awareness Campaign at Kwa Msikwa , P.S.J with the aim of raising awareness on GBVF. Following that was a **Cancer Awareness** with a theme “**Close the gap** “the OR. Tambo on 24 October 2023. The awareness and screening of cancer in both females and males took place at Tiki- Tiki to demystify the myth surrounding it. The **Ingquza – Hill Women Business Forum** was also launch. The O.R.Tambo district municipality in partnership with the Office of the Premier hosted the **16 Days of Activism against Children, Women and People with Disabilities** awareness campaign, which was preceded by door to door as means of making an awareness on GBVF. The event took place at Ingquza - Hill local municipality. The district municipality in conducted GBVF at Mthide P.S.J on 15 May 2024. In ensuring that women benefit on economic transformation a women empowerment program at Ngqongweni A/A P.S.J on the 17th May 2024.

3.18.3 YOUTH

The municipality considers youth and empowerment of youth as a Concert was facilitated on 19 August 2023 in remembrance of Hon. Nelson Mandela. The municipality supported **Khiwa Youth Tournament Against Crime** on the 20 Sept. 2023 aiming at youth empowerment and that was

followed by distribution of 50 school shoes. A start up support to the K.S.D youth projects was requested on the following:

- Physio thereapeutic -
- Poto Youth Agricultural Project
- Gymnasium equipment

3.18.4 DISABILITY

Lobbying for provision of free basic services to disabled people,the following events were conducted:

- 11 Foetale Alcohol Syndrome Disorder Awareness.
- Prayer Awareness on Women, Children, Elderly & People with Disabilities at Lusikisiki (15-09-2023) 15.
- Empowerment Awareness on Women - 23/08/2023 16.
- Awareness Campaign for Women at Savoy -11-12 /07/2023

An Albinism Awareness workshop was held at Mfinizweni Location in Flagstaff on 29 November 2023 followed by the **DRAM (Disability Rights Awareness Month)**. DRAM was held at Waterfall Hall in KSD Local Municipality on 7 December 2023. As we mark National Disability Rights Awareness Month from 3 November to 3rd December each year followed by **Disability Mental care and wellness awareness program**. An awareness program on Autism was conducted at Dosi A/A KSD on 2 April 2024. In addition, a support with cleaning material and hygiene packs was done at Sinenjongo home for the disabled at Ngqeleni – Nyandeni.

3.18.5 ELDERLY

In support for elderly people, the following programmes were conducted:

- District Golden Games in partner with Social Development took place on 6 September 2023 at Rotary Stadium where the District Municipality supported with lunch for 250 people.
- Awareness Campaign on Gender Based Violence took place on the 08th September 2023 at Luphondo Administrative Area- Gebhuza location and the district municipality supported with 100 blankets and 100 of 5 kg seeds for 100 beneficiaries that were affected

Elderly games were held on the 03rd November 2023 at Nelspruit – Mbombela stadium. Had an awareness program on Alzheimer & Dementia that was held at Mbange Hall (Ngqeleni) Nyandeni Municipalty , elderly group was supported with potato seedlings. On the 13 May 2024 the office

led by the Executive Mayor held an awareness program on the restoration and protection of the Elderly Rights.

3.18.6 NATIONAL AND INTERNATIONAL ICONS – MANDELA MONTH

Mr. Somadoda Fikeni conducted a Memorial Lecture at Qunu on 17 July where he reflected that after so many years after Tata and other ANC veterans who freed the country. He indicated that maladministration, corruption, load-shedding and rampant corruption at state level have left many without hope.

He also stated that the vision Tata Nelson Mandela had for this country has yet to be upheld, for various reasons, people in South Africa do not celebrate this significant day as much as they did in the past. He added that this year marked the 10th anniversary of Madiba's passing in December 2013. To commemorate that, the OR. Tambo District Municipality together with the Nelson Mandela Foundation and sector departments themed the 10-Year Remembrance call to action "The Legacy Lives on Through You".

Nelson Mandela International Day was celebrated on 18 July 2024 in honour of the first democratically elected President of South Africa, the late Nelson Rholihlahla Mandela and it was preceded by the Memorial lecture in the life of Tata. The municipality also held a Mandela Day at Qunu. For the OR Tambo Month, the municipality held the **Winnie Madikizela-Mandela Memorial Lecture** on 30 September 2023 and other activities as tabulated below:

Table 31: OR Tambo Month Activities

RECIPIENT	DELIVERABLES	MUNICIPALITY
• Khanyisa and Bethany Homes	• Diapers	K.S.D
• Siyakhona Home	• 2.Clothing for 60 children	K.S.D
• Majali S.S.S	• 3 School shoes	P.S.J
• Choral Music	• 4 Awards	Ingquza - Hill

The Military Veterans were transported from the District Municipality to a Study Tour visiting to KwaZulu Natal, Durban from 23 to 24 February 2024

3.18.7 MAYORAL COMMITTEE MEETINGS AND SECTOR ENGAGEMENTS

Table 32: Mayoral Committee Meetings and Sector Engagements

Meeting Dates	Sector Engagements
• 25 July 2023, • 25 August 2023 • 21 September 2023	• District AIDS Council - 23 August 2023 • Youth Policy Stakeholder Consultation

Meeting Dates	Sector Engagements
	- Support provided to COGTA Stakeholder engagement on GBVF programs - Support provided to COGTA Stakeholder engagement on National Youth Policy Implementation
- MAYCO meeting on 24 October 2023. MAYCO Workshop on 16 November 2023. - MAYCO meeting on 17 November 2023.	- District Aids Forum. - Disability Forum - Elderly Forum - Safety and Security Engagement
24th January 2024 26th February 2024 19th March 2024	- Children Sector Forum meetings 30th Jan, 19th Jan, and 26th March 2024 - Elderly Sector 07 Feb 2024 - Disability Sector on 13th Feb 2024 - Initiation Forum on the 24th January 2024 6 February 2024, district initiation forum - DIF technical task team meeting was held at technical boardroom at Myezo OR Tambo - DIF technical task team meeting was held at technical boardroom at Myezo OR Tambo - DIF evaluation meeting on the 27 February. - District Aids council meeting on 5 March 2024
- Virtual Mayco on the 24th April 2024 - Virtual Mayco on the 17th May 21st June 2024	- Social Cluster Meeting on the 30th April 2024 2. Sector Coordination on the 20th May 3. Prayer for election on the 22nd May 2024 4. District Older Persons Forum on the May 2024

COMPONENT G: SECURITY AND SAFETY

3.19 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 (KPAs) 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 2023/24 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

3.20 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).

3.18.4 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

3.18.5 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%

3.18.6 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

3.21 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 stakeholders, 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.

3.18.7 Legislative Framework

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

3.18.8 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.

3.22 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.

3.18.9 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

3.18.10 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

3.18.11 2023/2024 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

3.23 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.

3.18.12 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.

3.18.13 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.

3.18.14 Mayoral Imbizo's an IDP Roadshows

A total of five (5) Mayoral Imbizos were held in the 2023/2024 financial year in the form of IDP and Budget Roadshows which were held by various clusters across the district.

3.24 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 22%. Staff compliment as the end of June 2024 for this department is a depicted in the table below:

Table 33: Employees – Budget & Treasury Office

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
213	170	48	22%

3.18.15 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.

3.18.16 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.

Subsequent to MPAC investigations and recommendations, the council approved write-offs amounting to R651.5 million being R102 for unauthorised expenditure, R23 million for Fruitless and wasteful expenditure as well as R526.4 million for irregular expenditure.

3.25 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 52%. Staff compliment as the end of June 2024 for this department is a depicted in the table below:

Table 34: Employees – Corporate Services

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
178	85	93	52%

3.26 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 risk management

committee and the Council on a quarterly basis. So far the municipality demonstrate better capabilities in management of its litigations.

For the year under review, the municipality has been able to manage, control, and reduce its litigation whilst also embracing a compliance culture. The quantum of the litigations had somehow been reduced per the various categories. The municipality further wish to note that it had been able to reduce litigations by 30% of the cases (matters) from the previous year. It also introduced a strategy to recover funds from the individuals and companies unnecessary litigating the municipality by recovering the costs when determined by the courts. In any matter brought to the organisation the municipality opposes and plea for the costs to be recovered. The costs determined by the courts have been disclosed in the Annual Financial Statement (AFS) as receivables. 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.

3.27 Oversight for Service Delivery

Oversight for service delivery functions in the district are performed under Strategic Planning & Governance Department in the Office of the Speaker. This 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. A Portfolio Oversight Committee that is chaired by a non-executive councillor is oversight each municipal department. 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.

3.28 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 no vacancy rate however has more than 13% staff members. Staff compliment as the end of June 2024 for this department is depicted in the table below:

Table 35: Employees – Strategic Planning & Governance

No. of Posts	No. of Filled Posts	Vacancies	Vacancy rate
99	112	-13	-13%

3.18.17 Monitoring, Reporting and Evaluation

The Performance Management System (PMS) resides in the Strategic Management and Good Governance directorate. The Performance Management Policy/Framework that was developed and adopted by Council in June 2023 drives PMS in ORTDM. The policy framework provides an overarching framework for managing performance in the district and provides for inculcation of performance in the day-to-day operations. The municipality does not have a separate committee to deal with Performance Management, as resolved by Council there is a PMS specialist in the Audit Committee to perform oversight function. This 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 on a quarterly basis. All these play a significant role in improving reporting systems and in strengthening accountability and as such, there is an improvement in the culture of performance within the institution.

The district consistently developed its Service Delivery and Budget Implementation Plan (SDBIP) as legislated. SDBIP was reviewed as per Section 54 of the MSA provisions and approved by Council. The performance of the municipality is monitored quarterly, midyear and annually as legislated. Section 54 and 56 managers signed Performance Agreements for the year 2023/24 and their performance is assessed.

2023 – 2024 Audit of predetermined Objectives

The Auditor General of South Africa tested whether the municipality's performance planning and management process, IDP and SDBIP complied with the key legislative requirements. The audit was based on Key Performance Area 1: Basic Service Delivery & Infrastructure. Significant improvement has been noted as there were no material findings identified as reported in the audit report. The municipality maintained unqualified audit opinion.

3.29 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.

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, Mhlontlo and Port St John's Local Municipalities have functional internal audit functions, whereas Ntinga OR Development Agency is 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 Mhlontlo 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 in the process of reviving it as it was not functional for the past two previous financial years.

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.

3.18.18 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 on 27 June 2023 for 2023/24 financial year. 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 36: 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
Mhlontlo 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 37: 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	In-house function but supported by the District on an Ad-hoc basis
Port St Johns Development Agency	In-house function but supported by the District on an Ad-hoc basis
King Sabata Dalindyebo Local Municipality	In-house function but supported by the District on an Ad-hoc basis and attendance of Audit Committee meetings
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

3.30 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 growth has even translated to a more positive perception about the municipality and the services it renders. The district received two awards from the South African Local Government Association SALGA for the work done in social media updates as well as its engagements with the public on service delivery.

A Communication Strategy and Plan and the Communication Plan was approved by Council for the term of council.

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. Coordination of communication in the district has improved with the District Communicators Forum being the anchor for coordination. This financial year there has been improvement in the human capital, especially in the position of Head of Communications. All local municipalities with the exception of Ingquza Hill Local Municipality has appointed the Heads of Communication who are leading the communication system implementation in their respective areas.

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
- 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;

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Table 38: Organisational Performance Scorecard

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURAL DEVELOPMENT

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
Goal(s): To provide conducive, adequate and accessible infrastructure														
Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Infrastructure, Water & Sanitation (IWS)	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	R7 000 000	R285 371	89%	92%	94%	Microbiological Compliance=97% Chemical compliance=100% Physical compliance= 85%	Fully effective	N/A	N/A
Infrastructure, Water & Sanitation (IWS)			1_1_2_P002	2. Percentage compliance of wastewater effluent quality	P002 Effluent Quality			57%	72%	74%	Microbiological Compliance=76% Chemical compliance=59% Physical compliance= 86%	Fully effective	N/A	N/A
Budget & Treasury Office (BTO)			1_1_3_P003	3. Number of indigent registers reviewed and updated	P003 Free Basic Services	R0	R0	1	1	1	Reviewed Indigent Register	Fully effective	N/A	N/A
Infrastructure, Water & Sanitation (IWS)		2. To expedite the reduction of water and sanitation backlogs	1_2_1_P004	1. Number of households with access to basic level of water services	P004 Access to water services			1177	1500	1569	1. Lukhwethu Regional Water Supply Scheme - 1075 - Mandlovini - 109 - Ntshela - 44 - Zwelitsha - 227 - Maqhingeni - 40 - Manzothweni - 106 - Lalini - 59 - Maqhinebeni - 104 - Mampingeni - 48 - Qokoma - 84 - Blekana - 9 - Mabheleni - 9 - Isikolo - 16 - Ndakana - 36 - Mazizini - 40 - Ntsaka - 14 - Ntsimbini - 68 - Kwesikhulu - 62 2. Gwexintaba Water Supply - 136 3. Jambeni Water Supply 132 4. Nonyikila - 226	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
Goal(s): To provide conducive, adequate and accessible infrastructure														
Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Infrastructure, Water & Sanitation (IWS)			1_2_2_P005	2. Number of households with access to basic level of sanitation services	P005 Access to sanitation services			2133	12000	12212	Ingquza Hill Ward 30 – 275 KSD Ward 35 – 424 Mhlontlo 10A – 346 Mhlontlo 10B – 457 Mhlontlo 13A – 494 Mhlontlo 13B – 92 Mhlontlo 13C – 477 PSJ 4A – 264 PSJ 4B – 69 PSJ 2 – 266 Ingquza Hill Ward 26 – 610 KSD Ward 17C – 507 KSD Ward 17F – 457 Mhlontlo 4 – 401 PSJ 19A – 282 PSJ 19B – 203 PSJ 20 – 474	Fully effective	N/A	N/A
											Ingquza 20 – 336 Mhlontlo 23 – 343 Nyandeni 27 – 182 Nyandeni 30B – 215 Ingquza Hill 5 – 359 Ingquza Hill 7 – 371 Nyandeni 5B – 342 KSD 33A – 578 KSD 33B – 516 Nyandeni 12B – 260 Nyandeni 12A – 246 Nyandeni 10A – 408 Nyandeni 10B – 412 Nyandeni 1 – 315 Nyandeni 30A – 211 KSD 17B – 149 KSD 17D – 216 KSD 17E – 150 Nyandeni 30C – 505			

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
Goal(s): To provide conducive, adequate and accessible infrastructure														
Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Infrastructure , Water & Sanitation (IWS)			1_2_3_P006	3. Total volume of water delivered by water trucks (megalitre)	P006 Water Carting	R11 825 943	R20 098 584	24264,5	20	36,6	36,5 megalitres of water delivered and carted to communities; Quarter 1 - 3,424 Quarter 2 - 5,863 Quarter 3 - 21,581 Quarter 4 - 5,693	Outstanding performance	The volumes of water carted and delivered to communities increased significantly as a result of demand for water. The municipality also appointed water carts in December 2023.	N/A
Infrastructure , Water & Sanitation (IWS)			1_2_4_P007	4. Number of households with sludge removed	P007 VIP Sludge Management	R5 000 000	R609 525	1798	1800	1802	1802 households with sludge removed	Fully effective	N/A	N/A
Infrastructure , Water & Sanitation (IWS)	Operations & Maintenance		1_2_5_P008	5. Number of Water Treatment Works/Waste Water Treatment Works (WTW) maintained/refurbished	P008 Maintenance of existing water treatment works	R0	R0	14	16	16	1. Mzimvubu WTW Raw Water Pumps; 2. Lusikisiki Water Treatment Works; 3. PSJ Water Treatment Works; 4. Flagstaff Water Treatment Works 5. Buthongweni WTW 6. Mhlanga WTW 7. Upper Chulunca WTW 8. Mzimvubu WTW 9. Corana WTW 10. Rosedale WTW 11. Mqanduli WTW 12. Coffee Bay WTW 13. Thornhill WTW 14. Sidwadweni WTW 15. Mdlankala WTW 16. Mvelelo Mobile Plant	Fully effective	N/A	N/A

Infrastructure , Water & Sanitation (IWS)			1_2_6_P009	6. Number of stand-alone schemes maintained/refurbi shed	P009 Maintenance/R efurbishment of stand-alone schemes	R669 597	-R161 790	15	80	80	1. Qumbu River Crossing (Upper Chulunca); 2. Qumbu Borehole No 3; 3. Tsolo town water pipeline extension; 4. Lower Mjika Pipeline Extension; 5. PSJ Old Waterworks Pump station; 6. Mfinizweni bh; 7. Ngojini bh; 8. Nciphizweni Booster pump; 9. Nomadolo bh; 10. Dlomo Mmangweni; 11. Qinisa bh; 12. Khwethane bh; 13. Upper Centuli bh; 14. Nyakeni Bh; 15. Mahoyana Bh 16. Makhuzeni Bh 17. Tyara Bh 18. Ntilini Bh 19. Bhakaleni Bh 20. Lutshaya Bh 21. Sihlitho Spring 22. Mthambalala/Gaberlana Spring Extension 23. Skhobeni Bh 24. Kotishini Bh 25. Kotishi sealing of Reservoir 26. Didi 27. Bityi Spargs 28. Blekana Bh 29. Matheko Bh 30. Southernhood 31. Majola Borehole PSJ LM 32. Mamfengwini Spring PSJ LM 33. Ndwane Borehole Mhlontlo LM 34. Lower Kroza Borehole Mhlontlo LM 35. Ntabasigogo Borehole LM 36. Sulenkama Spring Mhlontlo LM 37. Crossbow Pipeline Mhlontlo LM	Fully effective	N/A	N/A
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											38. Mngeni Borehole IHLM 39. Mcobothini Borehole IHLM 40. Bhala Borehole IHLM 41. Dick Borehole IHLM- 42. Matyengqina Borehole kSD LM 43. Matyeba Spring Mhlontlo LM 44. Mrhotshozweni bh; 45. Marhamzeni bh; 46. Khanyayo bh; 47. Zingcuka bh; 48. Ngxakolo bh; 49. Gotyibeni bh; 50. Caba Mission; 51. Milani bh; 52. Ndakeni bh; 53. Manka 2bh; 54. Tikitiki bh; 55. Cwele Bandla bh; 56. Zandukwana; 57. Dukathole bh; 58. Centuli Fameni bh; 59. Mtebe bh, 60. Sigubudwini Bh 61. Mahibe Bh 62. Mabhehana Bh 63. Newrest 64. Magumbini 65. Magubu Bh 66. Qunu Lwalweni Bh 67. Mandlaneni Bh 68. Kwenxura Bh 69. Xonyeni B 70. Mputi 71. Khongeni Xhongora 72. Mqhekezweni 73. Gaduka Booster Pump 74. Mvume Bh 75. Mandlovini Bh 76. Manka 77. Magwa 78. Ngqeleni Weir 79. Gibo Sewer Pump Station 80. Iliitha Sewer Pump			
Infrastructure , Water &	Water & Sanitation Services	1_2_7_P 088	7. Number of water contracts completed	P088 Water Contracts				New Indicator	15	20	Water Contracts Completed: 1. Lukhwethu Regional	Fully effective	The department made an	N/A

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
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Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Sanitation (IWS)											Water Supply Scheme - Contract 6 2. Lukhwethu Regional Water Supply Scheme - Contract 7 3. Lukhwethu Regional Water Supply Scheme - Contract 8 4. Lukhwethu Regional Water Supply Scheme - Contract 9 5. Lukhwethu Regional Water Supply Scheme - Contract 10 6. Lukhwethu Regional Water Supply Scheme - Contract 11 7. Lukhwethu Regional Water Supply Scheme - Contract 12 8. Lukhwethu Regional Water Supply Scheme - Contract 13 9. Lukhwethu Regional Water Supply Scheme - Contract 14 10. Lukhwethu Regional Water Supply Scheme - Contract 15 11. Nonyikila Water Supply 12. Mqanduli Secondary Bulk Water Supply Contract 5 13. Jambeni Water Supply 14. Gwexintaba Water Supply Scheme 15. Refurbishment of Fortgale Pumpstation 16. Mqanduli Secondary Bulk Water Supply Contract 1 17. Mqanduli Secondary		error in setting the target as the indicator was introduced during adjustment, the contracts that were already completed were not considered	

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
Goal(s): To provide conducive, adequate and accessible infrastructure														
Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											Bulk Water Supply Contract 2 18. Mqanduli Secondary Bulk Water Supply Contract 3 19. Mqanduli Secondary Bulk Water Supply Contract 4 20. Mqanduli Secondary Bulk Water Supply Contract 6			

Infrastructure , Water & Sanitation (IWS)			1.2.8_P089	8. Number of water borne sanitation contracts completed	P089 Sanitation Contracts			New Indicator	11	9	1. Remedial works to Harrow Road Sewer 2. Tsolo Town Sewer Reticulation Phase 1 - Contract 1 3. Tsolo Town Sewer Reticulation Phase 1 - Contract 2 4. Lusikisiki Sewer Reticulation - Contract 2C 5. Rehabilitation, Refurbishment & Re-commissioning of the Mthatha Wastewater Treatment Works 6. Construction of security fence at Mthatha Wastewater Treatment Works 7. Refurbishment of Port St Johns Sewer Treatment Ponds 8. Refurbishment of Sewage Pump Station within KSD 9. Remedial works for King Edward Street Sewer	Performance not fully effective	Two contracts which are Lusikisiki Sewer Reticulation - Contract 3B and Lusikisiki Wastewater Treatment works phase 2A could not be completed due to the delays caused by demands and interruptions by the local SMMEs. The local SMMEs demanded participation in the projects which have been beyond what was accommodated in the initial plan. The municipality, Engineer and the contractor initiated negotiations with the affected parties which then delayed the project plan.	The parties affected had made considerations utilising the contract contingencies.
Infrastructure , Water &	Water Losses	3. To reduce water losses	1.3_P010	1. Number of bulk/zone meters	P010 Water Conservation	R2 300 000	R28 950	2	7	7	1. Corana TW 2. Lusikisiki/Xura WTW 3. Mzimvubu WTW	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
Goal(s): To provide conducive, adequate and accessible infrastructure														
Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Sanitation (IWS)		and non-revenue water		refurbished/installed	and Demand Management						4. Mhlanga WTW 5. Ngqeleni WTW (Inlet) 6. Ngqeleni WTW (Outlet) 7. Ngqongweni WTW			
Infrastructure, Water & Sanitation (IWS)	Call Centre Management	4. To improve response time to complaints raised at the call centre	1_4_1_P011	1. Percentage of callouts responded to within 24 hours (water & sanitation)	P011 Customer Care	R1 000 000	R0	70%	100%	100%	Quarter 1 - 960 Quarter 2 - 894 Quarter 3 - 1001 Quarter 4 - 783 Total of 3638 water and sanitation callouts were responded to within 24 hours	Fully effective	N/A	N/A
Infrastructure, Water & Sanitation (IWS)	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 quarterly reports on RRAMS implementation	P012 Roads Asset Management Program	R3 155 000	R2 853 937	3	4	4	Quarterly reports on implementation of Rural Roads Management System programme (RRAMS) across the district	Fully effective	N/A	N/A
Infrastructure, Water & Sanitation (IWS)	Facilities Management	6. Provision of new accommodation and maintenance of municipal facilities	1_6_3_P015	3. Number of Milestones completed in maintenance of municipal facilities	P015 Building Maintenance	R3 110 000	R2 569 324	3	3	3	Electrical Works Mechanical Works Plumbing Works	Fully effective	N/A	N/A
Infrastructure, Water & Sanitation (IWS)			1_6_4_P016	4. Number of milestones completed towards the construction of Disaster Centre	P016 District Disaster Management Centre	R11 494 816	R3 654 524	1	4	4	1. Ablution facilities 2. Helipad 3. Finance Building painting 4. Conservancy tank	Fully effective	N/A	N/A

Infrastructure , Water & Sanitation (IWS)	Integrated Human Settlements	7. Coordination and Provision of Sustainable integrated Human Settlement	1_7_1_P017	1. Number of houses built for emergency housing situations	P017 Emergency Housing	R182 152 557	R106 352 596	222	450	341	Quarter 1- 90 Houses Quarter 2- 95 Houses Quarter 3- 100 Houses Quarter 4 - 56 Houses	Performance not fully effective	The non-achievement is attributed to the late payment of invoices for value created by the Department of Human Settlements (ECDoHS) from Feb to the first week of May, as result of this the municipality was unable to pay contractors in March, April and first week of May. The payment of contractors only commenced in June. Secondly, the invoices for value created were short paid in projects like Qweqwe 300(150), Lutshaya 300 & Ingquza 500 (390).	Currently there are units that are at practical completion, with 110 units completed to date and the remainder of 50 units roofed, plastered with glazing but still outstanding electrification , therefore the remainder of the houses will be fully completed by the 9 th of August.
Infrastructure , Water & Sanitation (IWS)	Integrated Human Settlements		1_7_3_P019	3. Number of Local Municipalities supported to develop Housing Sector Plans	P019 Housing Sector Plans	R900 000	R319 507	0	2	2	1.PSJ LM supported to develop sector plan 2.Nyandeni Local municipality supported to develop sector plan	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
Goal(s): To provide conducive, adequate and accessible infrastructure														
Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Infrastructure , Water & Sanitation (IWS)	Integrated Human Settlements		1_7_4_P020	4. Number of houses built for Social relief	P020 Social Relief	R3 510 000	R771 620	2	10	2	Houses built for the following beneficiaries:1. Phukuzela Nomagqwalashu2. Mzolisa Khalipha	Unacceptable performance	The social relief program was indirectly impacted by non-payment of contractors in the EHG as the same contractors were appointed to build a few of social relief houses.	Currently 2 houses are under construction and four have been completed. The remaining two houses will be completed on the 1 st of August.

Community Services	Community Safety	8. To facilitate support in improving safety and crime reduction within the district	1_8_1_P021	1. Number of safety & crime prevention initiatives supported	P021 Safety & Crime Prevention Initiatives	R1 774 017	R1 155 739	15	20	20	1. GBVF programme half at Ingquza Hill LM on 19 August 2024 2. Community Safety engagement held at Xholweni A/A Bityi on 08 August 2024 3. Community engagement held at KSD LM Gods Army Ministries on 09 August 2024 4. GBV and School Safety programme held at Nyandeni LM Ndamase S.S.S on 27 July 2023 5. Substance Abuse and School Safety held at E.N Seku on 19 September 2024 6. School Safety held at Ntokozweni S.S.S on the 27 of September 2024 7. Municipal health awareness campaign held on 20 September 2024 at Mhlontlo LM 8. Community Safety programme focusing on crime prevention held on 28 September 2024 at PSJ LM Hlamvana Village 9. Community Police Forum Support held at Jojweni A/A on 14 November 2023 10. Ingquza Hill Ward based Safety Audit Workshop held on 6 - 8 Nov 2023 11. GBV & School Safety held at Gxulu Senior Secondary School in ward 29 Nyandeni on 24 November 2023 12. Sports against crime held in Ngangelizwe in KSD on 16 December 2023 13. 16 Days of Activism and Book Launch held at OR Tambo Hall in KSD on 8 December 2023 14. Community Police Forum launch at Jungge AA (Bityi	Fully effective	N/A	N/A
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KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
Goal(s): To provide conducive, adequate and accessible infrastructure														
Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											Ward 15) on 08 February 2024 15. Community & School safety awareness at Noah Christian School, Tombo (Ward 4, PSJLM) on 22 Feb 2024 16. CPF Support & Community Awareness held at Ngangelizwe in KSD on 25 June 2024 17. GBVF & Prayer Session Outreach held at PSJ LM on 15 May 2024 18. GBVF Support & Prayer Session held at Ngolo in Nyandeni on 24 May 2024 19. MEC engagement on community & school safety 20. Municipal Health Awareness Campaign held on 26 September 2023			

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
Goal(s): To provide conducive, adequate and accessible infrastructure														
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Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Community Services	Municipal Health Services	9. To provide quality municipal health services to the population of the District	1_9_1_P022	1. Number of programmes implemented as per National Environmental Health Scope of Practice and National Environmental Health Norms and Standards	P022 District Municipal Health & Environmental Plan	R711 535	R281 271	11	11	11	1. Investigation of notifiable medical conditions within 24 hours of reporting, 2. Inspection of businesses in compliance with R638, R363 & other relevant legislations, 3. Water Quality Monitoring, 4. Inspections of water & waste sites, 5. Issuing of Certificates of Acceptability, 6. Identification, investigation & reporting of illegal dumps, 7. Identification of vector breeding places, 8. Surveillance of premises (ECD's, Government Institutions etc.) 9. Inspection of waste disposal sites 10. National Health Insurance Consultative Forum 11. World Environmental Health Day	Fully effective	N/A	N/A
Community Services	Disaster Risk Management & Fire Services	10. Promote sustainable livelihood and climate change adaptation by improving community	1_10_1_P023	1. Percentage of destitute households supported due to disaster	P023 Disaster Impact Assessment and Relief	R3 327 500	R3 945 832	41%	100%	100%	Quarter 1 - 69 Quarter 2 - 554 Quarter 3 - 624 Quarter 4 - 422 1669 households were affected by disastrous incidents between the month of July 2023 to June 2024 in all the 5LMs.	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
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Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Community Services	Disaster Risk Management & Fire Services	resilience to disaster risks	1_10_2_P024	2. Percentage compliance with the required attendance time for structural firefighting incidents	P024 Compliance with Structural Fire Incidents	R0	R0	98%	100%	100%	Quarter 1 - 12 (8 short distance and 4 long distance) Quarter 2 - 6 (6 short distance) Quarter 3 - 8 (8 short distance) Quarter 4 - 17 (13 short distance and 4 long distance) 35 short distance fire incidences responded to within 60 minutes. 8 long distance fire incidences reported and responded to during the quarter = $43/43 \times 100 = 100\%$	Fully effective	N/A	N/A

Strategic Planning & Governance	Special Programmes	11. To improve the well-being of vulnerable groups and general welfare of O.R Tambo communities	1_11_1_P025	1. 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	P025 Social Cohesion Programmes	R3 419 404	R2 259 277	52	60	62	PROGRAMS FOR CHILDREN 1. Support to children attending Nelson Mandela Children's Parliament in Bisho- 12-25 July 2023 2. Day of the African Child - 20 July 2023 3. National Techno Girl program -06 -09 August 2023 4. Early Teenage Pregnancy Workshop at Mqhekezweni Location in KSD -25 August 2023 5. GBVF Awareness at Mqhekezweni Location, KSD- 26 August 2023 6. Support with Fruit trees to Schools at PSJ LM on -14 Nov 20237. Distribution of toys and party packs at Children Cloud victory centre KSD LM on 26 January 20248. Delivery of toys and party packs at Khanyisa Children's Home at KSD LM on 24 January 2024.9. Learning Improvement program was conducted at Chibini JSS in Partnership with DIRCO-29 February 202410. Back to school program at Mvume Springs P.S.J, Mpingana S.S.S at Ingquza-Hill, Gxaba S.S.S at Nyandeni and Thandanani S.S.S at Mhlontlo LM- 02 April 2024 11.Early Teenage Pregnancy Awareness Campaign Outreach Program at Krwexe A/A ,Ward 12,Mhlontlo LM-02 May 2024 PROGRAMS FOR ELDERLY 12. District Golden Games for Elderly people held at Rotary Stadium- 06 September 202313.Awareness Campaign on Gender Based Violence for Elderly held at	Fully effective	N/A	N/A
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Luphondo A/A -Ingquza Hill LM 08 September 2023 14. Distribution of seedlings to elderly person at Majola in PSJ-10 November 202315. Transportation of O.R Tambo Netball Veterans League to Mpumalanga-2-5 Nov 202316. Alzheimer's day at Mbange, Ngqeleni on the of 28 Nov 202317. Awareness program on the restoration and protection of the Elderly Rights on 13 May 2024 at Buntingville Church in Ngqeleni-Nyandeni.

PROGRAMS FOR DISABLED PERSONS18. Lobbying for provision of free basic services to disabled people19. Alcohol Syndrome Disorder Awareness20. Albinism Awareness at IHLM Mfinizweni on 29 Nov. 21. Disability Rights awareness at KSD on 7 Dec22. Mental Health care awareness at Mhlontlo on 08 Dec.23. Support with Cleaning Material to Luphilisweni Disability Centre at Ingquza Hill LM (Q3)24. Autism awareness program at Dosi A/A , KSD on the 2nd April 2024 25. Support to Sinenjongo home for the disabled at Ngqeleni - Nyandeni with disinfectant cleaning material-25 June 2021**INITIATION** 26. Initiation awareness and advocacy campaign at Magoba SSS PSJ LM 7 Nov 202327. Initiation advocacy campaign at Little flower SSS. Mhlontlo -Qumbu on 07 Nov .28. Initiation and advocacy campaign at Ngqwala SSS 7 Nov 2023 at Tsolo- Mhlontlo

LM.29. Initiation advocacy campaign at Maganise JSS. Libode Nyandeni on 08 Nov 202330. Initiation and advocacy campaign at Vuyani SPS, Qandu PSJ on 08 Nov 202331. Initiation awareness and advocacy campaign at KT Mchasa SSS and Sidwadweni AA Komkhulu on 08 Nov 2023.32. Summer season initiation programme at Flagstaff Ingquza Hill LM auditorium On 14 Dec 33. Initiation advocacy campaign at Pondolwendlovu SSS Ngqeleni. Nyandeni on 08 Nov34. 5x Initiation Awareness's at Mhlontlo LM Lutuka S.S.S-08/04/24, Reuben Ntuli S.S.S-16/04/24, Dilizibantaba S.S.S-19/04/24, Ngqwala SSS-29/04/2024 , Cameron Ngudle SSS-30/04/2024 35. 6X Initiation Awareness's at Ingquza Hill - Nkunzimbini traditional Council-20/05/24 Buhlanyanga Traditional Authority-22/05/24 Lambasi Village-24/05/24

PROGRAMS FOR WOMEN36. GBVF Prayer Awareness on Women, Children, Elderly & People with Disabilities at Lusikisiki 15 September 2023 37. Awareness Campaign for Women at Savoy 11-12 July 202338. Launch of Ingquza Women's forum on 23 November 2023 39. 16 days of activism at Ingquza Hill 40. Training of Women on Weaving at KSD41. Cancer Awareness at Mhlontlo LM42. GBVF Awareness at

									KwaMsikwa in PSJ.43. GBVF Awareness at Ingquza Hill44. Prayer and Awareness program on GBVF at Luzuphu A/A Lusikisiki - 15 May 202445. Women Empowerment program at Ngqongweni A/A P.S.J on the 17th May 2024HIV/AIDS PROGRAMS47.Inkciyo Abstinence Workshop held at Wonk'umntu- 29 September 202348. Men's Parliament at O.R.Tambo Council Chamber on 16 Nov. 49. World AIDS Day at O.R.Tambo Hall on 24 Nov50. Strategic Planning on HIV/ AIDS at KSD LM Savoy Hotel on 24-25 Oct.51. HIV and Teenage pregnancy prevention program at Ngqwala S.S.S , Mhlontlo on the 29th April 2024.52. HIV and Teenage pregnancy prevention program at Cameroon Ngudle S.S.S , Mhlontlo on the 30th the April 2024.53. Miss and Mr Inkciyo on the 14th June of June 2024. PROGRAMS FOR YOUTH54. Sport Against Crime Program Mqhekezweni - 26 August 202355. Supported Khiwa Media Sport tournament.56. Ngangelizwe Youth Development Program (Q3)57. Support SAYC Teambuilding (Q3)SUPPORT TO SECTORS58. Support to Gqubeni Great Place.59. Transported Military Veterans from the District Municipality who had a Study Tour visiting projects in KwaZulu Natal Durban	
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KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (40%)														
Goal(s): To promote integrated sustainable community livelihoods														
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Goal(s): To provide water and sanitation to every village/community														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											from 23 to 24 February 2024. 60. Supported AbaThembu Royal Council with catering when they had AmaDlomo meeting on the 22 February 2024.61. Hosted Dirco Gala Dinner in collaboration with the Department of International Relation62. Transported and accommodated Military Veterans to Cape Town at the State of the Nation Address.			
Strategic Planning & Governance	National & International Icons Celebrations		1_11_2_P026	2. Number of National and Internationally aligned programmes implemented in recognition of iconic figures	P026 National and International Icons celebration (Nelson Mandela month, OR Tambo month, Youth month etc.)	R246 565	R257 700	2	8	8	1. Mandela Day at Mvezo 18 July 23 2. Winnie Madikizela-Mandela Memorial Lecture - 30 September 23 3. Nelson Mandela Memorial Lecture - 17 July 2023 4. Youth Concert In Remembrance of Tata Mandela - 19 August 23 5. Support Provided to Khanyisa and Bethani homes with dippers 6. Support provided to Siyakhana home with clothes 7. Support Provided with school shoes at Gobizizwe S.S.S in PSJ LM - 15 Nov 2023. 8. Transport provided to district choirs that were participating to O.R. Tambo Choral music	Fully effective	N/A	N/A

KPA 2: LOCAL ECONOMIC DEVELOPMENT

KEY PERFORMANCE AREA (KPA) 2: LOCAL ECONOMIC DEVELOPMENT (20%)														
Goal(s): To promote rapid and sustainable economic growth within the limits of available natural resources														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Economic Planning & Development	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_P027	1. Number of milestones completed towards the development of Spatial Development Frameworks	P027 Spatial Development Framework	R0	R0	0	3	3	1. Phase 1 - Project Inception for Lusi Park and Vidgiesville 2. Phase 2 - Project Directive, Context Role & Issues for Lusi Park and Vidgiesville Precinct Plan 3. Phase 3 - Draft Plans for Lusi Park and Vidgiesville Precinct Plan	Fully effective	N/A	N/A
Economic Planning & Development	Rural Development (spatial planning of the region)		2_1_2_P028	2. Number of SPLUMA initiatives conducted	P028 SPLUMA	R1 135 000	R779 756	5	2	2	SPLUMA Initiatives Conducted: 1. Environmental examination report for PSJ old military based township establishment was developed (Q2) 2. SPLUMA Compliance Assessment meeting held on 22 March 2024 (Q3)	Fully effective	N/A	N/A

Economic Planning & Development	Agricultural Development, Agro-Processing and Food Security	2. To boost agricultural contribution, agro-processing and food security.	2_2_1_P029	1. Number of partnerships programmes implemented to boost agriculture and food security	P029 Agriculture and Agro-Processing Partnerships Programs	R2 200 000	-R500 647	15	11	10	Quarter 1 1. Awareness engagement on cannabis development held on 14 August 2023 2. Engagement with SAPPI on current and future programs and on government help in terms of economic infrastructure support held on 27 September 2023. 3. Coastal management committee on small harbour development and boat sites identification and compliance held on 19 September 2023. Quarter 2 4. Engagement meeting on monitoring of ploughing and planting on the following dates: 31 Oct 2023 23 Nov 2023 20 Dec 23 5. Forestry development engagement meetings conducted at Nyandeni LM on the following dates: 02 Nov 2023 03 Nov 2023 14-15 Nov 2023 6. Coastal management Committee meeting on small harbour development and boat sites identification and compliance set virtually on 29 Nov 2023 Quarter 3 7. Coastal Management Committee meeting held on Small harbour development and boat site held on 12 March 2024 8. Workshop on Ocean's Economy held on 07 March 2024.	Performance not fully effective	Integrated Veld and forestry fire management Plan(IVFFMP) not Achieved due to delay on the sitting of Bid Committees, even though the advert was advertised and closed in 14 December 2023. The target of MOU was also not finalised as it was discovered that there is an existing MOU that was signed in 2022/23 FY	The Integrated Veld and Forestry Fire Management Plan will be re-advertised and implemented in the last quarter of 2024/25 financial year.
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KEY PERFORMANCE AREA (KPA) 2: LOCAL ECONOMIC DEVELOPMENT (20%)														
Goal(s): To promote rapid and sustainable economic growth within the limits of available natural resources														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											Quarter 4 9. Delivery of fishing container 10. Forestry IGR Forum meeting held on 07 May 2024 at Department of Agriculture in East London.			
Economic Planning & Development	Agricultural Development and Agro-Processing		2_2_2_P030	2. Number of Rural Agro-Industrial programmes developed and implemented	P030 RAFI (Rural Agro-Industrialisation Finance Initiative) Implementation			3	1	1	1. RAFI Beef Community Engagement-28/09/2024	Fully effective	N/A	N/A

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Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Economic Planning & Development	Investment Promotion, Economic Infrastructure Development, and Economic Planning & Research	3. To Promote Investment, Economic Infrastructure Development, and Economic Planning & Research	2_3_1_P031	1. Number of programs implemented to grow district economy	P031 District Economy Growth Programmes	R1 215 928	R939 531	6	7	8	1. Investment summit- Nyandeni LM and OR Tambo DM partnership held on 7 - 8 September 2023 (Q1). 2. SMME Economic Summit prep meeting held on the 08 Dec 23 at Technical Services Boardroom (Q2) 3. O.R. Tambo Business Chamber Gala Dinner held on 08 Dec 23 at Mayfair Hotel (Q2) 4. Micro, Small & Medium Enterprise's (MSME) Summit held on 14-15 March 2024 at Ingquza Hill (Q3) 5. Cannabis Training held on 05-08 March 2024 (Q3) 6. Round table discussions on cannabis held on 26-27 March 2024 (Q3) 7. Draft LED Strategy Review (Q4). 8. Small town revitalization Meeting (Integrated with LED Strategy Review Session) (Q4)	Fully effective	N/A	N/A

Economic Planning & Development	Enterprise and Co-operatives Development	4. To provide Support to Entrepreneurs, Co-operatives, SMMEs and Create Employment Opportunities	2_4_1_P032	1. Number of Programmes/Initiatives implemented to support Informal Trade, Enterprise /Co-operatives/SMMEs	P032 Informal Trade, Enterprises, Cooperatives and SMME's Support	R7 449 000	R6 711 083	12	17	18	QUARTER 1 1. Support to Co-operatives. 2. District SMME Coordinating Committee meeting held on 26 September 2023 3. Pop Up Market held on 31 August 2023. QUARTER 2 4. Capacity Building on tour guides and homestays conducted at PSJ LM on 30 Nov 2023 5. DSCC technical meeting conducted on the 30 Oct 2023 6. Delivery of 20 galvanised tables and chairs to support Informal Traders enterprises, coops and SMMEs in KSD 7. Informal Traders training in partnership with SEDA conducted 8. Informal Traders Summit held on 04 Oct 2023 at PSJ LM QUARTER 3 9. Co-ops support_Abasuki Tannery Primary Co-Op 10. Handover of Homestay equipment on 22 March 2024 11. District Coordinating Committee held on 07 Feb 2024 12. Support with 40 chairs to Informal Traders Nyandeni LM 13. Assessment of Curio Shop at Silaka Nature Reserve. QUARTER 4 14. District SMME Coordinating Committee (DSCC) and the Informal Trade & Enterprise Development meeting	Fully effective	N/A	N/A
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KEY PERFORMANCE AREA (KPA) 2: LOCAL ECONOMIC DEVELOPMENT (20%)														
Goal(s): To promote rapid and sustainable economic growth within the limits of available natural resources														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											held on 13 June 2024 and Wonkumtu 15. Automotive Database 16. Facilitation formation of Automotive Structure on 14 June 2024 17. Homestay Incubation and Table 15 programs conducted at East London on 23 May 2024 18. Support to Cooperatives and SMME's			
Community Services	Environmental and Waste Management	5. To promote a safe and healthy environment through compliance with environmental regulations	2_5_1_P033	1. Tons of waste recycled	P033 Regional Recycling			286 tons	208	615	615 tons of waste collected	Outstanding performance	Target was removed during adjustment as the Buy-back centre had electricity re-connection challenges and was waiting on Eskom to fix it. It was since fixed in March and work continued hence the over achievement.	N/A
Community Services	Environmental and Waste Management		2_5_2_P034	2. Number of Environmental management projects implemented	P034 Environmental Management	R900 000	R648 980	19	19	19	QUARTER ONE 1. Municipal coastal committee was conducted on the 19th September 2023, 2. GMC pre assessment 3. GMC actual assessment conducted in all LM's , 4. Environmental education and awareness program conducted through Arbor day on the 27th September 2023 at Ntokozweni Village. 5. Ntilini SPS	Fully effective	N/A	N/A

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Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											environmental club monitored in KSD ward 17 6. Gobinamba SSS environmental club monitored in KSD ward 15. QUARTER TWO 7. Environmental club monitoring at Hlabathi at Ingquza Hill LM on the 1 Nov 2023 8. Environmental Club Monitoring at Ntabezwe JSS at Ingquza Hill LM on the 01 of November 2023 9. Municipal Coastal Committee meeting conducted on the 29 Nov 2023 virtually 10. Environmental education and awareness programs was conducted on the Marine day celebration in Ingquza Hill LM in Mkhambathi on the 20 Nov 2023 11. Climate change awareness day to ward 15, 17, 10, 1 and 2 in KSD LM. QUARTER THREE 12. "2 x Environmental School clubs monitored 12.1. EN Seku SSS 12.2. Milton Mbeleka SSS on 06 March 2024 13. 1 x Environmental Education program 14. Wetland's day celebrations held at Ingquza Hill LM Mgezwa JSS on 28 February 2024 15. Municipal Coastal Committee was meeting			

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Goal(s): To promote rapid and sustainable economic growth within the limits of available natural resources														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											conducted on 12 March 2024" QUARTER FOUR 16. Rafuza Mntuyedwa SPS Environmental club monitored 17. Ntabelize SPS Environmental club monitored 18. Mputi SPS Environmental club monitored 19. Virtual municipal coastal committee meeting held on 11 June 2024			
Community Services	Environmental and Waste Management		2_5_3_P036	3. Number of monitoring and evaluations conducted on MIG projects in compliance with Environmental Impact Assessment (EIA) implementation	P035 Environmental Impact Assessment Screening			80	80	80	80 monitoring programs on Environmental Compliance (Projects visited listed in the POE for Q1,Q2,Q3&Q4)	Fully effective	N/A	N/A

Economic Planning & Development	Rural Development (Tourism development and marketing)	6. To promote tourism development in the district	2_6_1_P036	1. Number of tourism development initiatives supported and conducted	P036 Tourism Development	R1 593 500	R1 622 954	17	25	25	QUARTER ONE 1. Profiling of Ingquza Hill by conducting Spring Music festival & Hiking from 01 - 02 September 2023 2. Events Promotion (Kayaking Competition) - 16 September 2023 3. Woman's Day Hike and Picnic, Heritage day celebrations Mhlontlo held on 09 August 4. Enhancing of Digital Marketing (marketing of Kayaking Competition in Tourism Talk) QUARTER TWO 5. Facilitation of Mthatha Dam Dev 6. Signage Development (Qunu Homestay, Kwa-Nomzi Boutique, Mkhambathi Nature Reserve). 7. Support to Wild Incubation (Handover of Alternative Water Support) 8. Craft Route Map development 9. Coffee Bay Festival KSD LM on 23 Nov 23 10. IsingqiSethu Festival at PSJ LM on 01 Dec 2024 11. Tourism awareness safety campaigns at KSD- 12 Dec 2023 12. Distribution of Promotional Material 13. Occupancy rate survey QUARTER THREE 14. Support to Msikaba Tourism Node 15. Tourism Awareness held on 23 March 2024 16. Mini Creative Arts Tourism Indaba held on 14 March 2024 at	Fully effective	N/A	N/A
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KEY PERFORMANCE AREA (KPA) 2: LOCAL ECONOMIC DEVELOPMENT (20%)														
Goal(s): To promote rapid and sustainable economic growth within the limits of available natural resources														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											Lusikisiki Resource Centre QUARTER FOUR 17. Tourism Indaba (Africa Travels Indaba 14 - 16 May 2024 at Durban ICC) 18. Pondo Revolt Commemoration held at Ingquza Hill Museum at Mkhambathi on 05 - 06 June 2024 19. National Arts Festival held at Makhanda on 19 - 30 June 2024 20. Mhlontlo Kayaking Route development held at Summerpride B&B at Mhlontlo LM on 08 June 2024 20. Wellness day at Mhlontlo on 20 April 2024 as a Support to Local Tourism Organisation. 21. Tourism Awareness Campaigns held at Ingquza Hill Flea Market on 27 April 2024. 22. Nyandeni Youth Day Celebration on 29 June 2024 23. Tourism awareness campaign (Freedom Day hike) on 26 April 2024 24. Handover of Kayaking equipment at Mthatha Dam on 22 April 2024 25. Occupancy Rate Survey.			

KEY PERFORMANCE AREA (KPA) 2: LOCAL ECONOMIC DEVELOPMENT (20%)														
Goal(s): To promote rapid and sustainable economic growth within the limits of available natural resources														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Infrastructure, Water & Sanitation (IWS)	Job Creation	7. To create employment opportunities and grow the district economy	2_7_1_P037	1. Number of work opportunities created by the municipality through Public Employment Programmes (incl. EPWP, CWP and other related employment programmes)	P037 Public Employment Programmes	R11 162 000	-R4 767 000	1172	5379	2736	2196 Work Opportunities 540 Full-time equivalents (FTE)	Performance not fully effective	The unit had an issue with data collection as there were no working relations with the units implementing infrastructure projects. Another challenge was issue of network.	The municipality has installed network cables in office. Established working relations with ISD unit for data collection

KPA 3: FINANCIAL MANAGEMENT AND VIABILITY

KEY PERFORMANCE AREA (KPA) 3: FINANCIAL VIABILITY AND MANAGEMENT (15%)														
Goal(s): To manage the financial viability of the OR Tambo District Municipality through sound management and good governance														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Actual 2022/23	Revised Annual Target	Annual Actual 2023/24	Actual Description	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_P038	1. Percentage Collection Rate	P038 Collection Rate	R0	R0	63%	67%	55%	Average of 55% rate of revenue Collected for the 2023/24 financial year	Performance not fully effective	1. ICT System challenges 2. Unavailability of funds by Govt departments to pay. Waiting for EQS in April.	1. Upgrade the ICT infrastructure in KSD and satellite offices 2. Utilising easy pay for the for easy access of consumers to pay. 3. Encourage culture of payment through incentives (discounts) 4. Council to consider services of debt collector to Implement the credit control policy on non-payment 5. Fast tracking filling of vacancies and procurement of working tools
Budget & Treasury Office (BTO)			3_1_2_P039	2. Cost coverage Rate	P039 Cost coverage	R0	R0	4 months	1-3 months	8 months	Municipality's ability to meet operating commitments without collecting any additional revenue	Outstanding performance	1. Investing in high interest earning investments 2. Improvement in the revenue collection 3. Some invoices for the quarter will be paid in July due to delays in submission of invoices by service providers	N/A
Budget & Treasury Office (BTO)			3_1_3_P040	3. Revenue collected against projections	P040 Revenue Collection	R0	R0	R241.1 Million	0	0	N/A	Not applicable	N/A	N/A
Budget & Treasury Office (BTO)			3_1_4_P041	4. Projected returns in high-earning future investments	P041 Cash Investment	R0	R0	R39.8 Million	R40.5 million	61.1 Million	Interest earned on investment	Outstanding performance	The municipality invested in high interest earning investments	N/A

KEY PERFORMANCE AREA (KPA) 3: FINANCIAL VIABILITY AND MANAGEMENT (15%)														
Goal(s): To manage the financial viability of the OR Tambo District Municipality through sound management and good governance														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Revised Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Budget & Treasury Office (BTO)			3_1_5_P042	5. Debt coverage	P042 Debt Coverage	R0	R0	R 0	R 0	R 0	The district has no debt	Fully effective	N/A	N/A
Infrastructure, Water & Sanitation (IWS)	Expenditure Management	2. To improve the internal control environment and enhance efficiencies in expenditure business processes	3_2_1_P043	1. Percentage of the conditional grant spent on capital projects in the IDP	P043 Capital Budget	R926 303 000	R906 303 000	87%	100%	100%	16% overall expenditure of MIG, WSIG & RBIG (Q1). 50% overall expenditure of MIG, WSIG & RBIG (Q2) 70% overall expenditure of MIG, WSIG & RBIG (Q3). 100% overall expenditure of MIG, WSIG & RBIG (Q4)	Fully effective	N/A	N/A
Budget & Treasury Office (BTO)			3_2_2_P044	2. Percentage of payments processed within 30 days of receipt of valid invoice	P044 Payments	R0	R0	74%	100%	76%	1. 75% of Payments of valid invoices & supporting documentation made within 30 days of receipt (Q1). 2. 61% of Payment of valid invoices & supporting documentation made within 30 days of receipt (Q2) 3. 76% of Payments made within 30 days (Q3) 4. 90% Payments made within 30 days (Q4)	Performance not fully effective	1. Processing and payment of invoices was delayed because of constant interruptions of network. 2. Departments delay in confirming, approving the payment vouchers and attaching supporting documents for a go ahead to pay.	1. Upgrade ICT infrastructure in the new financial year to avoid interruptions 2. Prompt signing of confirmations of payment and attaching supporting documents from departments 3. HOD's to include indicator measuring payment of departmental invoices within 30 days

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 P045	1. Number of monthly mSCOA data strings submitted to National Treasury within 10 working days	P045 mSCOA			12	10	10	mSCOA data strings are submitted within 10 working days after the end of each month: 1. July data strings submitted on the 14th of August 2023 2. October data strings submitted on 13 Nov 2023 3. November data strings submitted on 12 Dec 2023 4. December data strings submitted on 14 Jan 2024 5. Jan data strings submitted on 9 February 2024 6. Feb data strings submitted on 13 March 2024 7. Mar data strings submitted on 12 April 2024 8. April data strings submitted on 10 May 9. May data strings submitted on 12 June 10. June data strings submitted on 11 July	Fully effective	N/A	N/A
Budget & Treasury Office (BTO)	Credible Annual	4. To submit credible Annual Financial	3.4.1 P046	1. Number of credible Annual	P046 Annual Financial Statements	R0	R0	2	2	2	1. Annual Financial Statements	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 3: FINANCIAL VIABILITY AND MANAGEMENT (15%)														
Goal(s): To manage the financial viability of the OR Tambo District Municipality through sound management and good governance														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Actual 2022/23	Revised Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
	Financial Statements	Statements to the Auditor General by 31 August on an annual basis		Financial Statements submitted to Auditor General by 31 August & 30 September							submitted to AG on 31 August 2023 2. Consolidated Annual Financial Statements to AG on 29 September 2023			
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_P047	1. Percentage of bids awarded within 90 days after closing date	P047 Supply Chain Management	R0	R0	50%	100%	55%	55% of bids advertised have been awarded with 90 days	Performance not fully effective	Bid committees not processing bids within required time frames	Review of committees and implementation of consequence management for non-sitting of committees
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_P048	1. Number of mSCOA compliant Budgets submitted to MAYCO	P048 mSCOA compliant Budget	R0	R0	3	3	3	1. Budget Adjustments for 2023/24 submitted to the Mayco on 26 Feb 2024 2. Draft Budget for 2024/25 submitted to Mayco on 18 March 2024 3. Final Budget 2024/25 and the two outer years, with budget related policies presented to Mayco on 17 May 2024	Fully effective	N/A	N/A

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Goal(s): To manage the financial viability of the OR Tambo District Municipality through sound management and good governance														
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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_P049	1. Number of GRAP compliant Asset Registers updated	P049 GRAP Compliant Asset Registers	R0	R0	4	4	4	1. Infrastructure assets register 2. Movable assets register 3. Immoveable assets register 4. Work in progress assets register	Fully effective	N/A	N/A

KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KEY PERFORMANCE AREA (KPA 4): GOOD GOVERNANCE AND PUBLIC PARTICIPATION (15%)														
Goal(s): To build a coherent district that is responsive, accountable and promotes clean governance														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Strategic Planning & Governance	Public Participation	1. To instil good governance and strengthen public participation through effective communication between municipalities and communities	4.1.1_P050	1. Number of Mayoral committee meetings held	P050 Mayoral Committee Operations	R480 000	R437 150	12	11	11	1. MAYCO meeting held on 25 July 2023 2. MAYCO meeting held on 24 August 2023 3. MAYCO meeting held on 21 September 2023 4. MAYCO meeting held on 24 October 2023. 5. MAYCO meeting held on 17 November 2023. 6. MAYCO meeting held on 24th January 2024 7. MAYCO meeting held on 26 February 2024 8. MAYCO meeting held on 19 March 2024 9. MAYCO meeting held on 24 April 2024 10. MAYCO meeting held on 17 May 2024 11. MAYCO meeting held on 21 June 2024	Fully effective	N/A	N/A
Strategic Planning & Governance			4.1.2_P050	2. Number of Mayoral/ Service delivery imbizos held				5	0	N/A	NA	Not applicable	NA	NA

Strategic Planning & Governance	Public Participation		4_1_3_P051	3. Number of sector forum meetings held or supported	P051 Sector Engagements	R321 500	R255 900	33	17	17	1. District older Person's Forum - 17 August 2023 2. District AIDS Council - 23 August 2023 3. Youth Policy Stakeholder Consultation-23 August 2023 4. Support provided to COGTA Stakeholder engagement on GBVF programs for District SPU's - 02 to 03 August 2023 5. Safety & Security engagement - 07 Nov 2023 6. HAST sector forum meeting held on 18 October 2023 at Mthatha. 7. Disability Forum meeting on 22 Nov at Ops Centre 8. Elderly Forum meeting on 27 November at Ops Centre 9. District Initiation Forum Meetings 10. District Aids Council meeting held on 05 March 2024 11. Disability Sector Coordination held on 13th Feb 2024 @ Mhlontlo L.M 12. Engagement with South African Democratic Teachers Union on issues affecting teachers in the district held on 31 Jan 2024 13. Social Cluster Meeting held on the 30th of April 2024 14. Disability Sector Coordination Meeting held at Ingquza Hill on the 20th of May 2024. 15. District Advisory Council Meeting held on 19 June 2024. 16. District Older Persons Forum on 6 May 2024 at Opt Centre 17. Engagement in preparation for the Department of International Relations	Fully effective	N/A	N/A
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KEY PERFORMANCE AREA (KPA 4): GOOD GOVERNANCE AND PUBLIC PARTICIPATION (15%)														
Goal(s): To build a coherent district that is responsive, accountable and promotes clean governance														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Annual Targets	Performance Assessment	Reason(s) for variation	Remedial Action
Strategic Planning & Governance	Political Stability		4_1_4_P052	4. Number of Whippy programmes conducted	P052 Whippy Programmes			4	90	93	93 Caucus meetings held	Fully effective	N/A	N/A
Strategic Planning & Governance	Political Stability		4_1_5_P053	5. Number of District Chief Whips Forum Meetings held	P053 Chief Whip's Operations	R1 512 500	R125 566	4	4	4	1.Virtual District Chief Whips Forum Meeting held on 27 September 2023 (Q1) 2. Virtual District Chief Whips Forum Meeting was held on 08 December 2023 (Q2) 3.Virtual District Chief Whip's Forum meeting held on 20 March Virtual (Q3). 4.Virtual District Chief Whips Forum Meeting was held on 25 June 2024(Q4)	Fully effective	N/A	N/A
Strategic Planning & Governance	Political Stability		4_1_6_P053	6. Number of District Speaker's Forum Meetings held	P090 Speakers Operations	R460 000	R295 805	4	5	5	1. District Speaker's Forum held on the 26th of September 2023 (Q1) 2. District Speakers Forum (DSF) Meeting held on 12 October 2023 virtually (Q2) 3. District Speakers Forum Meeting held on 26 October 2023 (Q2) 4. District Speakers Forum Meeting held on 19 March 2024 (Q3) 5. District Speakers Forum Meeting was held on 23 April 2024 (Q4)	Fully effective	N/A	N/A

Strategic Planning & Governance	Public Participation	2. To ensure effective community participation and compliance to legislation	4_2_1_P054	1. Number of public participation programmes conducted	P054 Public Participation	R1 684 900	R1 121 090	9	24	24	QUARTER 1 1. Civic Education at Gungqwana, held at Ward 21, Mhlontlo LM on 10 August 2023. 2. Establishment of Moral Regeneration Movement District structure -16 and 17 August 2023, 3. Civic Education at Gwala Village, held Ward 09, Mhlontlo LM- 23 August 2023, 4. Planning Meeting for Moral Regeneration for annual activities -29 August 2023 5. Mans sector mobilisation- 13 September 2023 6. Speaker's Engagement with Stakeholders at Lusikisiki -22 September 2023 QUARTER 2 7. Public engagement on voter education at PSJ LM on the 11 of Oct 23 8. Speaker's Engagement with stakeholders (Traditional Leaders) at Nyandeni LM on the 20 of Oct 20239 9. Men's Sector mobilization and Petition awareness at Ingquza Hill LM on 13 September 2023 10. Voters registration drive at Ingquza Hill on the 24 of October 2023 11. Speaker's outreach programme at Mhlontlo LM on the 10 of November 2023 QUARTER 3 12. Public Engagement on civic education held at KSD LM ward 36 on 07 February 2024 13. Public engagement session held at Mhlontlo LM ward 22 on 14 February 2024 14. Public awareness on petition management held at KSD LM ward 27 on 27 February 2024	Fully effective	N/A	N/A
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KEY PERFORMANCE AREA (KPA 4): GOOD GOVERNANCE AND PUBLIC PARTICIPATION (15%)														
Goal(s): To build a coherent district that is responsive, accountable and promotes clean governance														
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								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											15. Speakers' Public stakeholders Engagement session at Ingquza Hill LM ward 20 on 27 February 2024 16. Stakeholders Engagement Session held at PSJ LM ward 06 on 16 March 2024 QUARTER 4= 17. Summit for Traditional Leaders at, Dan's Country Lodge, Ward 10, Nyandeni L.M on 3 & 4 April 2024 18. Voter Education at Thantseka eBhodini, KSD L.M (ward 19) 25 April 2024 19. Civic Education at Ciben eBhodini Nyandeni L.M (ward 06) 25 April 2024 20. Voter Education at Mtentu Traditional Authority KSD L.M (ward 20) 25 April 2024 21. Voter Education in Kaplan eBhodini in KSD L.M (ward 14) 14 May 2024 22. Awareness Campaign on Voter Education Cacadu Traditional Authorities KSD L.M (ward 19 & 28) 15 May 2024 23. Awareness Campaign on Voter Education Lower Ngqwara Traditional Authorities KSD L.M (ward 29) 16 May 2024 24. IDP & Budget Roadshows			

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Strategic Planning & Governance	Municipal Oversight	3. To instil good governance in all municipal operations and strengthen relations with stakeholders	4_3_1_P055	1. Number of committee oversight reports developed in line with Municipal Oversight Model (MOM)	P055 Municipal Oversight Model	R438 800	R185 880	35	47	50	QUARTER ONE 5 X BTO Portfolio Committee Oversight Report 5 X Community Services Portfolio Committee Report 5 X Corporate Services 3rd Quarter Oversight Report 5 X Human Settlements 3rd Quarter Narrative Report 5 X IGR, Planning, Research & Policy Development 7 X OCMOL Standing Committee 5 X SPU & Social Services Narrative Report 5 X Technical Services Oversight Report 5 X WSS Oversight Report 3 X REDP and Ntinga Narrative Report	Fully effective	N/A	N/A

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Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Annual Targets	Performance Assessment	Reason(s) for variation	Remedial Action
Strategic Planning & Governance	Compliance with Legislation		4_3_2_P056	2. Number of Ordinary, Open Council and Committee meetings held	P056 Council Operations	R1 113 040	R1 034 277	92	101	105	Council Meetings 4 X Ordinary Council Meeting 8 X Special Council Meetings 1 X Open Council Meeting Standing Committee meetings held as follows: 12 X Programming Committee 5 X Chairpersons Committee 15 X MPAC - 17 August 2023 4 X Petitions & Public Participation 4 X OCMOL meeting 2 X Multiparty Women's Caucus 6 X Adhoc Committee 8 X Ethics & Members Interest Committee Section 79 Portfolio Committees 4 X Special Programs & Social Services 4 X Technical Services 4 X Community Services 4 X Corporate Services 4 X IGR, Planning, Research & Policy Development 4 X BTO 4 X Water & Sanitation Services 4 X REDP 4 X Human Settlements	Fully effective	N/A	N/A
Strategic Planning & Governance	Risk Management & Fraud Prevention		4_3_3_P057	3. Number of Fraud & Corruption hotlines established	P057 District Fraud & Corruption Hotline	R300 000	R48 179	0	1	1	1.Service Provider appointed for the management of Fraud & Corruption Hotline	Fully effective	NA	NA

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Strategic Planning & Governance			4_3_4_P057	4. Number of awareness conducted on Fraud & Corruption	P091 District Fraud & Corruption Awareness's			2	3	3	1. Fraud & Corruption awareness 2. Risk awareness distributed on 29 February 2024 3. District Fraud and Corruption Awareness conducted through Facebook page on 2 May 2024	Fully effective	N/A	N/A
Strategic Planning & Governance			4_3_5_P058	5. Number of Annual Risk Plans developed	P058 Annual Risk Assessment			2	1	1	Annual Risk Management Implementation Plan	Fully effective	NA	NA
Strategic Planning & Governance			4_3_6_P059	6. Number of quarterly risk assessment follow ups conducted	P059 Risk Follow Ups			3	4	4	1. Quarter 4 risk assessment follow up (Q1) 2. Quarter 1 Risk Follow up conducted and tabled to the Risk Management Committee (Q2) 3. Quarter 2 Risk Follow up conducted and tabled to the Risk Management Committee (Q3) 4. Quarter 3 risk follow up done and presented to Risk Management Committee	Fully effective	N/A	N/A

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Strategic Planning & Governance	Inter-governmental Relations		4_3_7_P060	7. Number of IGR forum meetings convened	P060 Intergovernmental Relations	R483 765	R583 755	New Indicator	18	18	3 X Joint MM's Forum Meetings 1 X Special MM's Forum Meeting 2 X Corporate Services Workstream Meetings 2 X Infrastructure & Basic Service Delivery Meetings 2 X Financial Viability Workstream Meetings 2 X Strategic Planning & Governance Meetings 2 X Economic Development Meetings 2 X Community Services & Disaster Management Meetings 1 X District Mayor's Forum Meeting 1 X Special IGR Meeting	Fully effective	N/A	N/A
Strategic Planning & Governance	Communications	4. To ensure effective, well-coordinated and integrated district wide communication	4_4_1_P061	1. Number of quarterly communication programmes implemented	P061 Communication Initiatives	R4 083 000	R3 147 776	23	20	20	Quarter 1, 3 & 4 Advertorials 2 X Media Briefings/Walkabouts Quarter 1, 2, 3 & 4 Media Statements Quarter 1, 2, 3 & 4 updates of website and social media pages Quarter 1, 2, 3 & 4 Communicators Forum Meetings Quarter 1 & 3 Talk Show & Radio Interviews Quarter 4 Newsletter	Fully effective	N/A	N/A

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Strategic Planning & Governance	Strategic Planning	5. To ensure a district wide coordination of planning, implementation, monitoring and evaluation of the IDP	4_5_1_P062	1. Number of IDP, PMS & Budget development/review phases conducted	P062 IDP, PMS & Budget development/review phases	R720 056	R1 134 188	6	6	6	1. Adoption of IDP, PMS & Budget Process Plan on 31 August 2023. 2. Situational Analysis conducted on 08 December at Dan's Country Lodge. 3. Mayoral Lekgotla held on 15 and 16 February 2024 and Mega Strategic Planning Session held on 19 and 20 February 2024. 4. Tabling of Draft IDP 5. Integration of Projects done through Special IGR Meeting held on 16 May 2024 6. Approval of the 2024/25 IDP.	Fully effective	N/A	N/A
Strategic Planning & Governance	Performance Management		4_5_2_P063	2. Number of institutional performance reports submitted to council	P063 Institutional Performance Reports	R510 589	-R97 889	7	7	7	1. 2022/23 Quarter 4 Institutional Performance Report 2. 2022/23 Draft Annual Report 3. 2023/24 Quarter 1 Performance Report submitted to council 4. Quarter 2 report submitted to council on 31 January 2024 5. Mid-term report submitted to council on 31 January 2024 6. Final Annual report submitted to council on 31 January 2024 7. Quarter three (3) Performance Report tabled to the Council	Fully effective	N/A	N/A

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Strategic Planning & Governance	Performance Management		4_5_3_P064	3. Number of formal performance evaluations of section 54 and 56 managers	P064 Performance Evaluations			0	2	1	1. Mid-year formal individual performance reviews	Performance not fully effective	Performance evaluation for 2022/23 FY were not conducted as there was only 1 Director still in the employ of the municipality after the audit	Annual Performance evaluations will be conducted for the 2023/24 FY in quarter 3 of 2024/25
Strategic Planning & Governance	Policy, Research & Development	6. To promote innovative municipal research and development to support evidence-based planning, policy-making and enhance decision-making.	4_6_1_P065	1. Number of reports on research initiatives conducted	P065 Municipal Research	R100 000	R0	1	2	2	1. Engagement with Stats SA 2. Training on Supercross	Fully effective	NA	NA
Strategic Planning & Governance			4_6_2_P066	2. Number of institutional policy workshops convened on the developed/reviewed policies	P066 Policy Development			2	2	2	1. Policy Workshop October 2023 2. Policy Workshop June 2024	Fully effective	NA	NA
Strategic Planning & Governance	Legal Services	7. To ensure compliance with legislation, policies, regulations and to minimise exposure to avoidable litigations	4_7_1_P067	1. Percentage reduction in litigation cases	P067 Litigations	R13 420 469	R12 476 254	25%	25%	30%	Percentage reduction in current litigation as per litigation register at 30 June 2023	Performance significantly above expectations	The municipality obtained pending judgements and made settlements with parties on other matters.	NA
Strategic Planning & Governance	Improved municipal administration	8. To improve audit opinion	4_8_1_P068	1. Audit Opinion	P068 Audit Opinion	R0	R0	Qualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	The municipality obtained unqualified audit opinion	Fully effective	NA	NA

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Internal Audit	Improved municipal administration		4_8_2_P069	2. Number of follow-up quarterly reports on Internal Audit and Auditor-General issues compiled	P069 Audit Findings Follow-ups	R0	R0	4	4	4	1. Follow-up quarterly reports on Internal Audit (Tracking tool) and Auditor-General issues (MAAP) were conducted and presented to the Audit Committee meeting held on 31 July 2023 (Q1) 2. Follow-up quarterly reports on Environmental Management (Q2) 3. Quarterly follow up on conducted on ICT and LED programmes 4. Follow up Audits for 2023/24 financial year and a follow up on the MAAP has been conducted and submitted to the Audit Committee meeting held on 29 April 2024.	Fully effective	NA	N/A
Internal Audit	Improved municipal administration		4_8_3_P070	3. Number of Audit Committee meetings held	P070 Audit Committee Operations	R75 000	R24 700	6	6	6	QUARTER ONE 1. Ordinary Audit Committee meeting has been held on 31 July 2023 and a 2. Special Audit Committee meeting for the review of Annual Financial Statements and APR was held on 28 August 2023. QUARTER TWO 3. Ordinary Audit Committee meeting has been held virtually on 26 October 2023. QUARTER THREE 4. Quarterly Ordinary Audit Committee Meetings held virtually on 29 Jan 2024 QUARTER FOUR 5. An ordinary meeting has been convened on 29 April 2024. 6. A special meeting has been convened on 26 June 2024	Fully effective	N/A	N/A

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Internal Audit	Improved municipal administration		4_8_4_P071	4. Number of organisations provided with Internal Audit support	P071 Internal Audit Support	R0	R0	6	3	3	QUARTER ONE 1. Ntinga O.R. Tambo Development Agency- two Internal Audit staff members allocated to conduct reviews at the Agency. 2. Mhlontlo Local Municipality- the district conducted Risk management Review 3. Nyandeni Local Municipality- the district conducted Ethics and fraud review. QUARTER TWO 1. Conducted reviews at Ntinga O.R. Tambo Development Agency (NORTDA) on the 19 Oct 2023 2. Audit and Risk Committee meeting held at Mhlontlo Local Municipality on 16 October 3. Attended Risk Management Committee meeting at Nyandeni Local Municipality held virtually on the 20 October 2023. QUARTER THREE 1. Full time support has been provided at Ntinga Development through placement of a resource QUARTER FOUR 1. Ntinga Development Agency 3. Nyandeni Local Municipality	Fully effective	N/A	N/A

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Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Internal Audit	Improved municipal administration		4_8_5_P072	5. Number of risk-based internal audit plan, internal Audit charter and Audit Committee charter reviewed	P072 Internal Audit Plans	R0	R0	3	3	3	1. Audit Committee Charter 2. Internal Audit Charter 3. 2024/25 Risk Based Internal Audit Plan	Fully effective	NA	NA
Internal Audit	Improved municipal administration		4_8_6_P073	6. Number of audits conducted	P073 Institutional Audits	R0	R0	15	22	23	QUARTER ONE 1. 2022/23 Q4 Performance Management System Review Report 2. Review of Annual Performance Information 3. Review of Annual Financial Statements 4. Adhoc Committee Review on Tulas Park Contracts 5. MPAC Investigation Report on UIFWE QUARTER TWO 6. Annual Stock count review. 7. Functionality of Governance Structures Review 8. Project Management Review 9. Recruitment and Termination review 10. Unauthorised, Irregular and Wastefully Expenditure report 11. Litigations 12. Communication Strategy QUARTER THREE 13. Q2 Performance Information Review 14. Mid-year stock Count Review 15. Review of Leave Management 16. Review of Fleet	Fully effective	NA	NA

KEY PERFORMANCE AREA (KPA 4): GOOD GOVERNANCE AND PUBLIC PARTICIPATION (15%)														
Goal(s): To build a coherent district that is responsive, accountable and promotes clean governance														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											Management 17. Follow up review on Asset Management QUARTER FOUR 18. Q3 Performance review 19. Overtime Management Review 20. Review of draft 2024/25 SDBIP 21. EPWP Review 22. SCM Review 23. Competency Assessment Review			

KPA 5: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KEY PERFORMANCE AREA (KPA) 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)														
Goal(s): To develop, transform and capacitate the OR Tambo District Municipality and its local municipalities to ensure effective and efficient resource utilisation making it capable of delivering its mandate.														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	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	5_1_1_P074	1. Number of Employment Equity reports submitted to Department of Labour	P074 Employment Equity Plan Reporting	R0	R0	1	1	1	Employment Equity report submitted to Dept. of Employment & Labour in January 2024	Fully effective	N/A	N/A
Corporate Services	Human Resource Management		5_1_2_P075	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;	P075 Recruitment and Selection	R370 000	R94 414	New Indicator	6	3	1. Chief Risk Officer 2. Chief Audit Executive 3. Director Rural Economic Development & Planning	Performance not fully effective	The organisation is conducting placement on the recently reviewed organisational structure. Therefore, no recruitment is being done to other levels of management but only to the Senior Management level	Target will be achieved once the placement process is complete in the 2024/25 financial year.

KEY PERFORMANCE AREA (KPA) 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)														
Goal(s): To develop, transform and capacitate the OR Tambo District Municipality and its local municipalities to ensure effective and efficient resource utilisation making it capable of delivering its mandate.														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Corporate Services	Human Resource Development	2. To ensure a well-trained, motivated and professional workforce	5_2_1_P076	1. Number of skills development interventions implemented	P076 Workplace Skills Plan (WSP) Budget and implement	R3 760 000	R3 018 509	New Indicator	4	4	Quarter 1 - Paying membership fees, tuition fees and training on JD writing Quarter 2 - Placement of experiential trainees, continuation of training for IWS staff, attendance of conferences and payment of tuition fees Quarter 3 - Placement of student trainees and letters of study assistance sent to institutions of Higher Learning Quarter 4 - Invoices processed for study assistance, payment of membership fees, induction, placement of student trainees	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)														
Goal(s): To develop, transform and capacitate the OR Tambo District Municipality and its local municipalities to ensure effective and efficient resource utilisation making it capable of delivering its mandate.														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Annual Targets			
											Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Corporate Services	Human Resource Management	3. To provide effective and efficient human resources and integrated corporate administration support	5_3_1_P077	1. Percentage reduction of leaves taken on an annual basis	P077 Leave Management	R0	R0	New Indicator	5%	3%	Quarter 4 Percentage reduction of leaves taken: A comparison of sick leave trends from the previous year and the current year reflects 3% reduction of leaves taken as compared to the previous financial year.	Performance not fully effective	Departments are still not monitoring leave and this has resulted in the slight decrease in the number of leave days taken from the previous financial year.	1. HODs must have an annual leave plan. 2 Quarterly printouts will be provided to departments indicating the trends per employee in which leave is being taken. 3. Furthermore, the department has changed the indicator for the 2024/25 FY and will focus on implementing initiatives that will lead to reduction of leave

Corporate Services	Employee Health & Wellness		5_3_2_P078	2. Number of employee wellness and occupational health and safety programmes implemented	P078 EAP & OHS Programmes	R1 390 000	R834 967	8	9	9	Quarter 1 1. Women's Empowerment Session on 08 August 2023 as a Wellness programme 2. Medical Surveillance examination conducted at Mqanduli Water Purification Plant on 27 September 2024 3. Medical Surveillance examination conducted at Coffee Bay on 28 September 2023 Quarter 2 4. Wellness Day programme implemented on 01 November 2023 5. Men's Empowerment Session on 06 December 2023 6. Medical Surveillance Conducted at Lusikisiki Water Purification plan on 07 December 2023 Quarter 3 6. Personal Development and prayer conducted on 27 February 2024 7. Medical surveillance conducted on 27 March 2024 at Mthatha	Fully effective	N/A	N/A
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KEY PERFORMANCE AREA (KPA) 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)														
Goal(s): To develop, transform and capacitate the OR Tambo District Municipality and its local municipalities to ensure effective and efficient resource utilisation making it capable of delivering its mandate.														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Annual Targets			
											Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											Sewerage Plant Quarter 4 8. Healthy lifestyle Initiative Implemented on 08 May 2024 9. Medical Surveillance Programme conducted at Mhlontlo LM on 22-24 May 2024			
Corporate Services	ICT Enhancement (District Wide)		5_3_3-P079	3. Number of ICT Risk Assessments conducted	P079 ICT Risk Assessment	R21 500 000	R6 143 509	1	1	1	ICT Risk Assessment conducted on 20 November 2023	Fully effective	N/A	N/A
Corporate Services			5_3_4-P080	4. Number of ICT Plan projects implemented	P080 ICT Annual Plan			4	4	4	1. Allocation of laptops to employees 2. ICT Policies approved by council on 07 December 2023 3. Website developed 4. ICT Tools Procured and Allocated to employees	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)														
Goal(s): To develop, transform and capacitate the OR Tambo District Municipality and its local municipalities to ensure effective and efficient resource utilisation making it capable of delivering its mandate.														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
Corporate Services	Safety and Security		5_3_5_P081	5. Number of safety and security programmes conducted	P081 Safety & Security	R400 000	R105 000	4	4	4	Vulnerability Assessment Conducted on the following areas: 1. KSD Area in the month of July, August and September 2023 2. Mhlontlo LM during the Month of October 2023 3. Nyandeni LM in the month of January 2024 4. PSJ LM in the months of April, May and June 2024	Fully effective	N/A	N/A
Corporate Services	Labour Relations		5_3_6_P082	6. Number of industrial relations audits conducted on disciplinary code	P082 Industrial Relations Audits	R350 000	R316 545	4	5	5	1. Code of conduct workshop conducted at PSJ LM on 29 August 2023 2. Roadshows on code of conduct held at Nyandeni satellite offices on 28 November 2023 3. Policy Workshop held on the 08 and 14 of March 2024 4. Conflict Management workshop held at Wonkumtu on 19-20 June 2024	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)														
Goal(s): To develop, transform and capacitate the OR Tambo District Municipality and its local municipalities to ensure effective and efficient resource utilisation making it capable of delivering its mandate.														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Annual Targets			
											Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											5. Awareness Programme conducted at BTO under Billing Section on 15 May 2024\			
Corporate Services	Labour Relations		5_3_7_P083	7. Number of Local Labour Forum and sub-committee meetings conducted	P083 Collective Bargaining			8	7	7	1. Special LLF Meeting held on 02 August 2023 2. Ordinary LLF held on 12 September 2023 3. Ordinary LLF Meeting held on 17 Oct 2023 4. Special LLF Meeting held on 15 November 2023 5. Ordinary LLF Meeting held on 28 February 2024 6. LLF Policy Workshop held on 12 - 14 March 2024 7. Special LLF Meeting held on 10 May 2024	Fully effective	N/A	N/A
Corporate Services	Records & Archives Management		5_3_8_P084	8. Number of municipal file plans developed	P084 Records Management	R1 000 000	R0	0	1	1	1. File plan developed and approved by Provincial Archivist on the 28 of November 2024	Fully effective	N/A	N/A
Corporate Services	Records & Archives Management		5_3_9_P085	9. Number of quarterly reports on municipal files disposed	P085 Records Management			4	3	3	quarterly reports on municipal files disposed Quarter 1 - Report on tender	Fully effective	N/A	N/A

KEY PERFORMANCE AREA (KPA) 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)														
Goal(s): To develop, transform and capacitate the OR Tambo District Municipality and its local municipalities to ensure effective and efficient resource utilisation making it capable of delivering its mandate.														
Department	Priority Area	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Adjusted Budget	Budget Expenditure	Annual Targets						
								Annual Actual 2022/23	Annual Target	Annual Actual 2023/24	Actual Description	Performance Assessment	Reason(s) for variation	Remedial Action
											documents disposed from the period of 2006 - 2014 Quarter 2 - Report on tender documents disposed from the period of 2006 - 2014 Quarter 4 - Report on tender documents disposed from the period of 2006 - 2016			
Corporate Services	Organisational Development		5_3_11_P087	11. Number of Change Management initiatives conducted	P087 Change Management	R320 000	R339 466	3	4	4	1. Consultation with REDP, Human Settlement and Technical Services on 26 July 2024 2. Consultation and engagement with management, organised labour and departments 3. Policy Workshops on institutional policies 4. Session on Job Description Writing	Fully effective	N/A	N/A

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 39: Total Employees

Employees 2023/24				
Description	Approved Posts	Employees	Vacancies (Pending Placement)	Vacancies
	No.	No.	No.	%
Infrastructure Water and Sanitation	874	873	1	0.1
Community Services	322	116	206	63
Rural, Economic and Development Planning	37	24	13	35
Budget & Treasury Office	213	170	48	22
Corporate Services	178	85	93	52
Strategic Planning & Governance	99	112	-13	-13
TOTAL	1745	1377	368	21

4.1.2 Turnover Rate

4.1.2.1 Turnover rate on top management positions

Table 40: Vacancy Rate at top management level

Vacancy Rate on Top Management Positions: 2023/24			
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 Infrastructure Water and Sanitation	1	0	
Director Community Services	1	0	0.00
Director Rural Economic Development and Planning	1	0	0.00
Director Corporate Services	1	0	
Director Strategic Planning and Governance	1	0	0.00
Total	07	0	0.00

4.1.2.2 Vacancy Rate on District Employees

Table 41: District Vacancy Rate

Vacancy Rate on all District Employees				
Total number of employees	Vacant positions	New Employees (2023/24)	Resignations in 2023/24	Turnover Rate
1446	364	102	17	1.2%
242 Contracted General Workers 208 EPWP Workers				

4.1.2.3 Staff Turnover per Category and Post Level

Table 42: **Staff Turnover**

Resignations/Terminations	
Senior Managers	00
Middle management	3
General staff	19
Total	24
Retirements	
Senior Managers	00
Middle management	03
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 43: **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

Policy	Status	Date Adopted by Council or Comment on failure to adopt
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	30 June 2023
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
Cell phone policy	New	07 December 2023
Travelling Allowance Policy	new	07 December 2023
Computer & Data Allocation Policy	New	30 June 2023
Leave Management Policy	Reviewed	30 June 2023

4.3 Injuries, Sickness and Suspensions

Table 44: Injuries, Death, Pensions and Terminations

Category	Number Of Employees
Injuries	00
Death	15
Pension	25
Contract expired	01
Incapacity	00
Resignations	17
Dismissals	05

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

Table 45: 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 46: 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)	00	00	00	00		
Semi-Skilled (TG 4-8)	1011	107	24	562		202 925, 31
Skilled Technical & Academically Qualified/Junior Management/Supervisors/foreman/superintendents (TG 9-13)	1432	166	97	443		868 470, 80
Professionally qualified & experienced specialist (TG 14-18)	367	39	21	81		180 979, 80
Senior management (TG 18-22)	0	0				

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
MM and S57	20	03	02	07		146,209,38
Total						0

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

Table 47: 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 Impropropriety, & 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 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	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
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 48: 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. Organizing, participating and leading an illegal or unprotected strike, contrary to the provisions of the standard of	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
			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 representative (even though a notice of enquiry was acknowledged by	Not yet	N/A	N/A

Position	Department	Area	Nature Of Offence	Progress	Date Finalized	Finding	Sanction
				employee as received).			
Security Guard	Corporate Services	Governments	Intimidation, Threats, Gross Insolence, Gross Impropropriety, & 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.

Employee Wellness programs implemented 2023/2024 financial year

- On the 1st quarter the unit conducted a women's day for all employees which seeks to empower employed by the municipality.
- On 2nd quarter the unit conducted a Wellness day and Men's Empowerment Sessions which also addressed employee's health holistically.
- On 3rd quarter the Employee Health and Wellness Section conducted a personal Development Session.
- On 4th quarter the Employee Health and Wellness Section conducted Healthy Lifestyle Initiative for all employees.

Table 49: 2023/24 Expenditure Report Employee Health & Wellness

PROGRAMME	QUARTER	AMOUNT
Women's Empowerment Session	Q1 23/24	R227 500,00
Spring Day	Q1 23/24	R23 000,00
Q1 Total		R250 500.00
Wellness Day Rotary	Q2 23/24	R156 000.00

PROGRAM	AMOUNT	
Medical surveillance	R131,660,00	
Medical surveillance	R140 000.00	
Medical surveillance	R124,850,00	
COIDA	R36 000 000,00	
GRAND TOTAL		R36 396, 510
PROGRAMME	QUARTER	AMOUNT
Men's Empowerment Session	Q2 23/24	R304 822.00
Q2 Total		R460 822.00
Prayer & Personal Development Session	Q3 23/24	R105 900.00
Debriefing O.R Tambo	Q3 23/24	R29 800.00
Q3 Total		R135 700.00
Healthy Lifestyle Initiative	Q4 23/24	R116 700.00
Q3 Total		R116 700.00
TOTAL EXENDITURE		R963 722.00

4.4.2 Occupational Health and Safety programs implemented 2023/24 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. 55 employees Mhlontlo Area water Works employees

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 2023/24 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 50: Skills Programme/ Short Course Implemented – Employed Leaners (18.1)

<i>Learning Programme</i>	<i>Duration of Training</i>	<i>Actual No. of Beneficiaries</i>	<i>COST</i>	<i>Name of Training Provider</i>
CPMD	8 months	0	R 0.00	-
SAMTRAC	10	2	R 8 099.98	NOSA
PAYMENT OF MEMBERSHIP	0	84	R31 878.50 + R172 333,20 = R 204 421.70	IIASA, ACFE, IRMSA, SAMEA, SAIOSH,IIASA, IMPASA,EAPASA, SABPP, ECSA , CIGFARO, CIMA, TEI, IPM.
Total		86	R 212 231 68	

Table 51: Study Assistance Implemented- Employed Learners (18.1)

No.	Institution	Learning Programme	Actual No. Enrolled	Department
1	Info Tech	ND Office Administration	2	BTO & SPG
2	Mancosa	Masters in public administration	1	SGP
3	Mancosa	Bachelor of Public Administration	1	Corporate Services
3	UFH	Bachelor Public Admin	5	OEM
4	Mancosa	Bachelor of Public Admin	1	REDP
5	Mancosa	Bcom in project management	1	REDP
6	EThekweni College	Chemical Engineering	1	IWS
7	DUT	MPHIL in Management	1	Corporate Services
8	Unisa	Accounting, Informatics, LLB	5	BTO, REDP, CPS, SPG
TOTAL NO.			18	
Total Expenditure		R386 870.50		

Table 52: Learnership & Experiential Training (18.1 & 18.2)

No.	Name of Training Intervention	Stakeholder	Actual No. Trained	Type Of Training
1	Students Trainees	Youth	31	Students for Experiential training
TOTAL			31	

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

4.7 Employee Expenditure

Employee costs for the financial year under review were R719, 310, 937.

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

5.1 Statement of Financial Performance

Table 53: *Statement of Financial Performance*

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Statement of Financial Performance		Economic Entity		Controlling Entity	
Figures in Rand	Note(s)	2024	2023	2024	2023
			Restated*		Restated*
REVENUE					
Revenue from Exchange Transactions					
Service Charges	22	314,065,234	288,341,300	314,065,234	288,341,300
Rental of Facilities and Equipment	23	253,219	243,739	-	739
Interest Earned - External Investments	24	62,630,942	40,196,276	62,036,392	40,004,182
Interest Earned - Outstanding Debtors	24	43,705,015	41,602,138	43,705,015	41,602,138
Operational revenue	25	21,464,372	12,479,615	886,753	1,026,745
Income from Agency Services	26	223,956	251,348	145,773	176,050
Total revenue from exchange transactions		442,342,738	383,114,416	420,839,167	371,151,154
Revenue from Non-exchange Transactions					
Transfer revenue					
Transfers and Subsidies Received	27	2,042,031,713	1,831,280,743	2,041,757,614	1,831,280,743
Total revenue from non-exchange transactions		2,042,031,713	1,831,280,743	2,041,757,614	1,831,280,743
Total revenue		2,484,374,451	2,214,395,159	2,462,596,781	2,202,431,897
EXPENDITURE					
Employee Related Costs	28	(719,310,937)	(690,657,894)	(675,897,439)	(650,568,520)
Remuneration of Councillors and Board Members	29	(22,725,295)	(20,895,674)	(21,374,274)	(19,783,425)
Depreciation and Amortisation	30	(339,933,762)	(214,757,885)	(336,010,435)	(209,984,123)
Impairment Losses	31	(154,027,405)	(172,169,199)	(152,698,668)	(172,127,448)
Bad Debts Written off	32	(292,323)	(41,887,906)	(292,323)	(41,887,906)
Finance Costs	33	(15,941,556)	(26,643,670)	(15,234,428)	(25,255,975)
Contracted Services	34	(156,935,418)	(177,085,989)	(148,522,392)	(167,232,021)
Transfers and Subsidies	35	(295,594,381)	(147,510,755)	(351,545,343)	(202,322,063)
Inventory Consumed	36	(81,143,775)	(57,995,056)	(79,769,495)	(47,901,079)
Inventory Losses	37	(31,733,715)	(32,953,428)	(31,733,715)	(32,953,428)
Operational Costs	38	(199,835,035)	(169,172,507)	(176,909,484)	(163,112,604)
Total expenditure		(2,017,473,602)	(1,751,729,963)	(1,989,987,996)	(1,733,128,592)
Operating surplus		466,900,849	462,665,196	472,608,785	469,303,305
Gains / (Losses) on Disposal of Property, Plant and Equip	39	(18,190,736)	7,043	(18,197,051)	(2,208)
Reversal of Impairment	40	4,468,088	7,026,055	4,468,088	6,723,467
Actuarial Gain / (Loss)	41	2,601,000	75,274,000	2,601,000	75,274,000
Gains / (Losses) on disposal of Biological Assets		3,118,679	1,568,086	-	-
Biological Assets - Gains		4,313,746	374,374	-	-
Biological Assets - Losses		(650,200)	(381,000)	-	-
		(4,339,423)	83,868,558	(11,127,963)	81,995,259
Income tax		-	-	-	-
Surplus for the year		462,561,425	546,533,754	461,480,822	551,298,564

5.2 Grants

All conditional grants allocated for 2023/24 financial year were fully spent.

5.3 Asset Management

For the year ended 30 June 2024, the municipality reported a total of R 8,3 billion (30 June 2023: (R 8,1 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

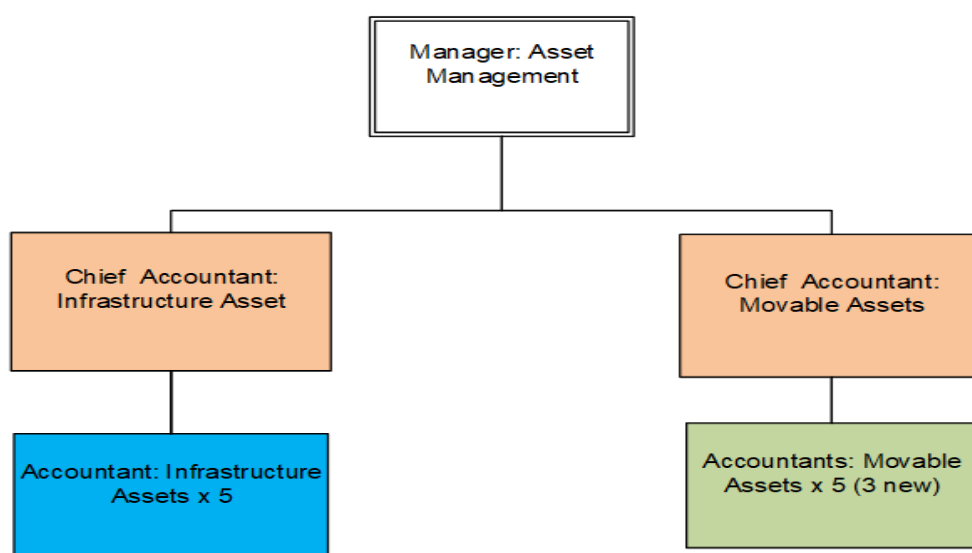
The O. R. Tambo District Municipality's asset management policy has the following key elements. These elements also incorporate the responsibilities of municipal officials as required by section 78 (1) (e) of the municipal finance management act.

- 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 14: 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 54: 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

- The municipality is in the process of procuring an asset management as well as the asset verification system
- Benchmarking for procurement of an automated asset management system that will be integrated to the financial management system.
- Review of the organisational structure
- Review of the policies and introduction of standard operating procedures
- Cleansing of the asset registers for all redundant and obsolete assets
- Capacity building of the current staff in GRAP standards

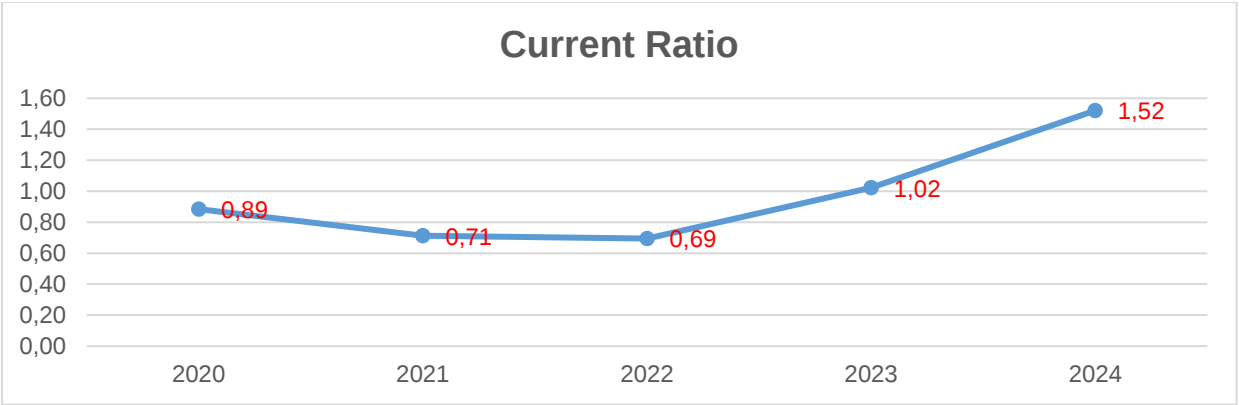
5.3.5 Plans to Address the Development Issues

- 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.
- Disposal of assets through a public auction

5.4 Financial Ratios based on Key Performance Ratios

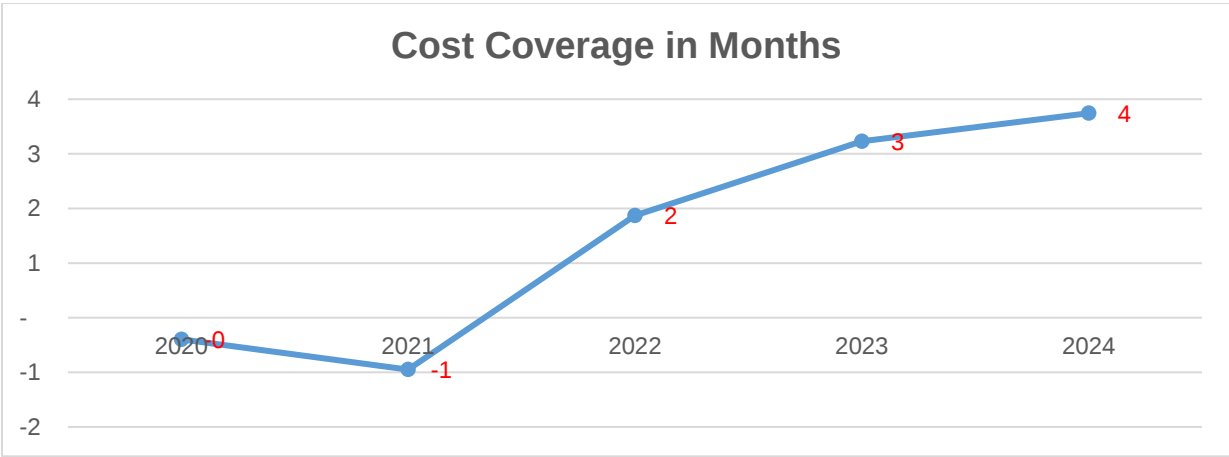
5.4.1 Liquidity ratio

Figure 15: Liquidity Ration Analysis from 2020 - 2024



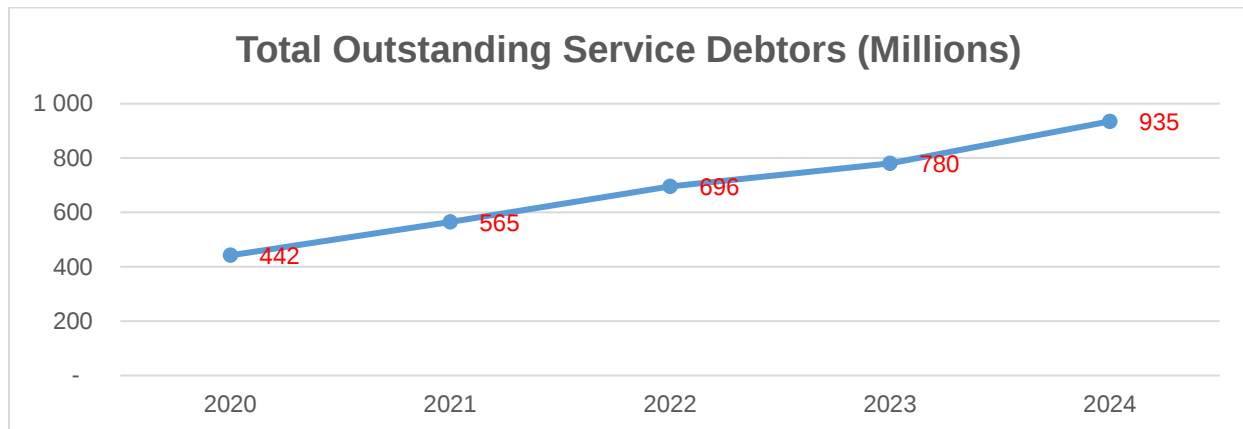
5.4.2 Cost coverage

Figure 16: Cost Coverage from 2020 - 2024



5.4.3 Total outstanding service debtors

Figure 17: Total outstanding service debtors from 2020 - 2024

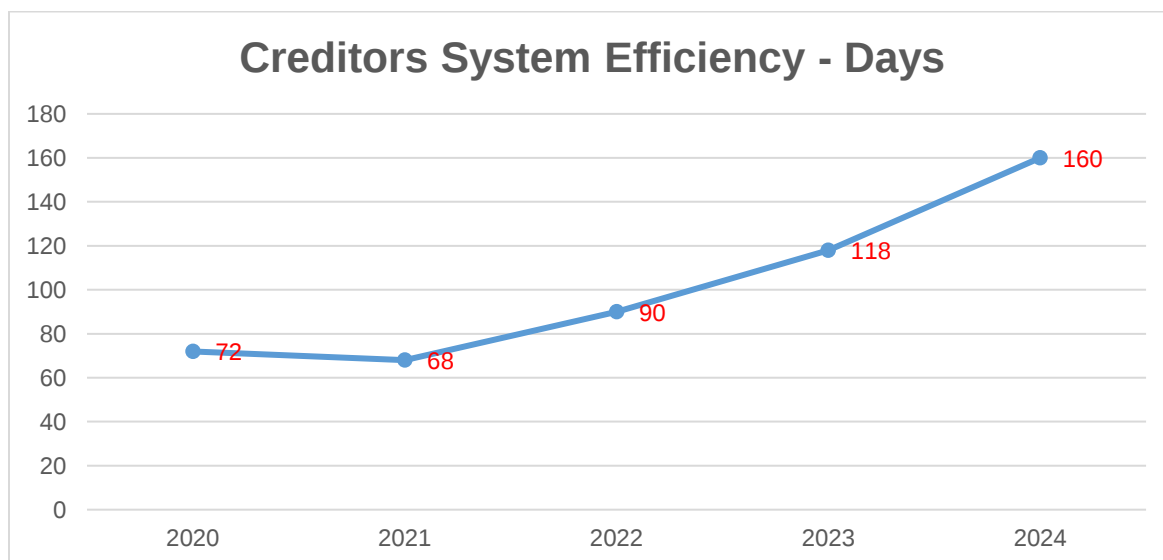


5.4.4 Debt coverage

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.

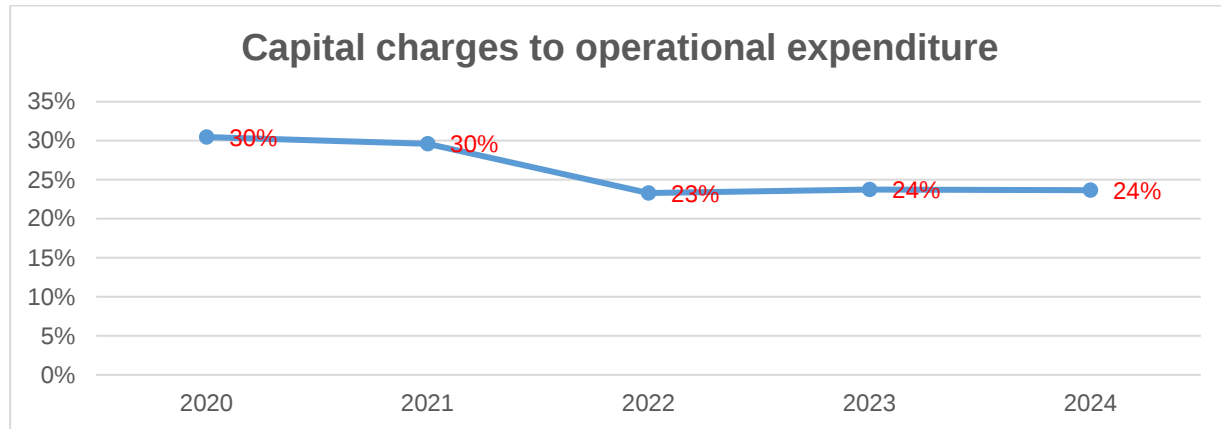
5.4.5 Creditor's system efficiency

Figure 18: Creditors system efficiency from 2020 - 2024



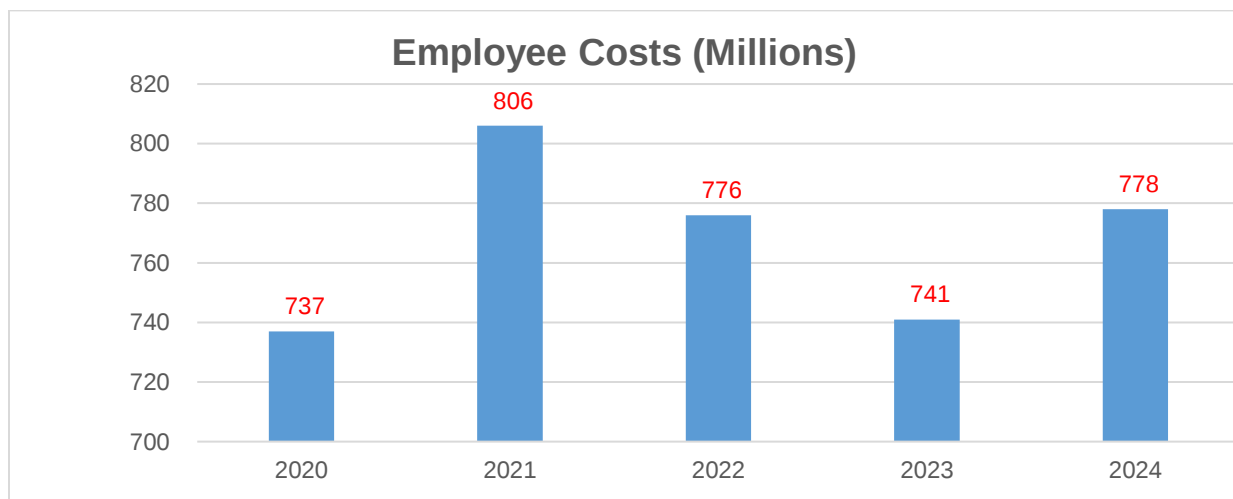
5.4.6 Capital charges to operational expenditure

Figure 19: *Capital charges to operating expenses from 2020 - 2024*



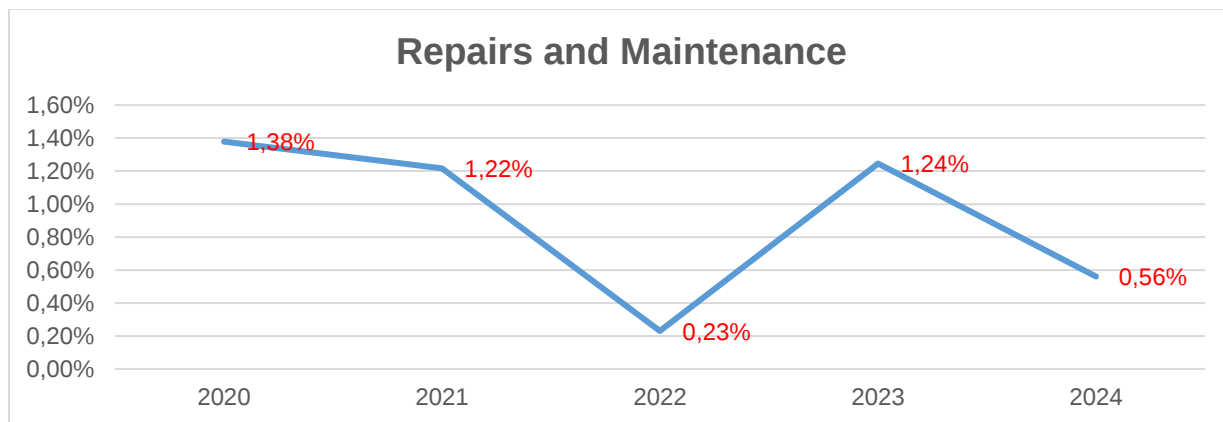
5.4.7 Employee costs

Figure 20: *Employee costs from 2020 - 2024*



5.4.8 Repairs and maintenance

Figure 21: *Repairs & Maintenance from 2020 - 2024*



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 (2023: R491.4 million) which is comprised of:

Table 55: *Capital Expenditure*

Furniture and fixtures	906,530
Transport Assets	18,638,685
IT equipment	4,806,893
Infrastructure	10,619,994
Buildings and Other assets	78,612
Infrastructure WIP	589,155,095
Leased Infrastructure	433,030
Machinery and Equipment	945,181
	624,677,489

5.6 Sources of Finance

- Service Charges (Water and Sewerage)
- Rental of Assets (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

Table 56: Cash Flow

Consolidated Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
		Restated*		Restated*
Cash flows from operating activities				
Receipts				
Service Charges	192,681,714	203,684,465	192,681,714	203,684,465
Interest income	69,149,026	57,780,406	68,554,476	57,588,312
Operational receipts	23,178,187	11,644,441	1,464,892	1,540,258
Transfers and subsidies	2,049,958,961	1,752,385,510	1,930,054,929	1,754,812,242
	2,334,967,889	2,025,494,822	2,192,756,011	2,017,625,277
Payments				
Employee related costs	(715,582,656)	(705,137,254)	(672,599,329)	(662,766,756)
Remuneration of Councillors	(21,374,274)	(19,783,425)	(21,374,274)	(19,783,425)
Finance Costs	(4,073,556)	(6,659,670)	(3,366,428)	(5,271,975)
Suppliers Paid	(290,537,236)	(347,596,689)	(254,098,550)	(323,948,815)
Other payments	(670,821,537)	(349,854,522)	(609,761,669)	(406,341,985)
	(1,702,389,258)	(1,429,031,560)	(1,561,200,250)	(1,418,112,956)
Net cash flows from operating activities	632,578,630	596,463,262	631,555,761	599,512,321
Cash flows from investing activities				
Purchase of property, plant and equipment	(625,584,020)	(522,099,561)	(624,495,902)	(520,827,858)
Proceeds on Disposal of Fixed Assets	191,176	176,780	-	-
Purchase of Biological assets	(91,000)	-	-	-
Proceeds on Disposal of Biological assets	3,420,479	2,985,624	163,350	-
Net cash flows from investing activities	(622,063,365)	(518,937,157)	(624,332,552)	(520,827,858)
Cash flows from financing activities				
Acquisitions of Finance Leases Liabilities	169,592	5,090,139	-	5,090,139
(Repayments) of Finance Lease Liabilities	(3,342,973)	(3,494,823)	(3,342,973)	(3,420,501)
Net cash flows from financing activities	(3,173,381)	1,595,316	(3,342,973)	1,669,638
Net increase/(decrease) in cash and cash equivalents	7,341,885	79,121,421	3,880,236	80,354,101
Cash and cash equivalents at the beginning of the year	467,849,700	388,728,279	464,155,458	383,801,357
Cash and cash equivalents at the end of the year	475,191,586	467,849,700	468,035,695	464,155,458

Cash and cash equivalent opening balance amounted to R 467.8 million, the net decrease in cash and cash equivalents during the year amounted to R 7.3 million and resulting in the closing balance on cash and cash equivalents of R475,1 million.

5.8 Borrowing and Investments

Other than the finance lease obligation amounting to R3 million (current portion: R3 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 R62.6

million. The balance of short-term investments at year end was R506.6 million invested in First National Bank.

Table 57: Investments

OR Tambo District Municipality	500,104,302
Ntinga OR Tambo Development Agency	6,504,153
	506,608,455

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,

This is evidenced by the reduction of irregular expenditure for the year under review to zero with the strict implementation of internal controls and use of checklists for compliance with SCM regulations. The continuous monitoring of the MAAP has assisted the municipality to ensure that repeat findings by the Auditor General are significantly reduced.

As part of its strategic improvement goal in reducing irregular expenditure, the municipality 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 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 (2023/24)

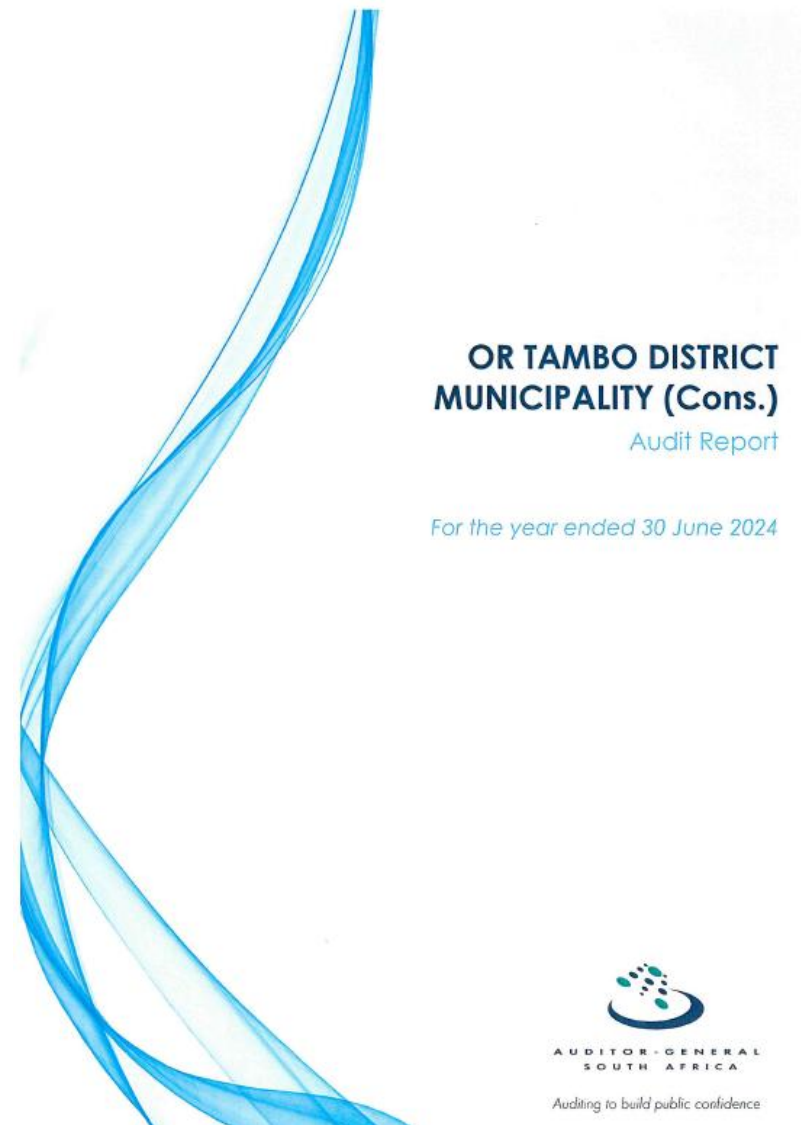
The Municipality has been issued with an Unqualified Audit Opinion by the Auditor General of South Africa for the second time. This represents positive change and fundamental culture shift by the Municipality as this should in future translate towards the realization of the mandate, the values, vision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

Even though the Municipality has received an unqualified audit opinion, the following emphasis of the matter paragraph was issued and it needs urgent management attention:

- Impairment of receivables from exchange transactions

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

COMPONENT B: AUDITOR GENERAL OPINION – 2023/24



6.2 Auditor General Report Year: (2023/24)

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 Annual 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 2024, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, 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 consolidated and separate notes to the 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 2024 and its consolidated and separate financial performance, consolidated and separate statement of changes in net assets and consolidated and separate cash flow statement and the consolidated and separate statement of comparison of budget and actual amounts, for the year ended, in accordance with the Standards of Generally Recognised Accounting Practise (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis of Opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the 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 matter

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

Impairment of receivables from exchange transactions

7. As disclosed in note 3 to the consolidated and separate financial statements, the municipality has made impairment allowances against receivables from exchange transactions totalling R736,15 million (2023: R622,14 million).

Other matter

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

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the 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

10. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the GRAP and the requirements of the 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.
11. 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

12. 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 financial statements.
13. 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. This description, which is located at pages xx to xx, forms part of our auditor's report.

Report on the audit of the annual performance report

14. 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.
15. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 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	- To promote integrated sustainable community livelihood - To provide conducive, adequate and accessible infrastructure - To provide water and sanitation to every community/village

16. 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.
17. 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.
 - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included.
 - 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 and is comparable and understandable.

- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

19. I did not identify any material findings on the reported performance information for the basic service delivery and infrastructure.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

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

22. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic Service Delivery and Infrastructure

Targets achieved: 88%		
Budget spent: 108%		
Key indicator not achieved	Planned target	Reported achievement
Number of water borne sanitation contracts completed	11	9
Number of houses built for emergency housing situations	450	341
Number of houses built for social relief	10	2

Report on compliance with legislation

23. 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 consolidated and separate financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

24. 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.

25. 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.

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

Annual financial statements and annual reports

27. The consolidated and separate financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, and disclosure items identified by the auditors in the submitted consolidated and separate financial statement were subsequently corrected, resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

Expenditure management

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

29. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R264,98 million as disclosed in note 54 to the consolidated and separate annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by over expenditure on non-cash items.

30. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R3,69 million as disclosed in note 55 to the consolidated and separate 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 and penalties on overdue accounts.

Asset management

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

Revenue management

32. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Procurement and Contract Management

33. The performance of some 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.

Other information in the annual report

34. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
35. 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.
36. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the 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.
37. 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

38. 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.
39. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
40. Management did not perform adequate reviews of the schedules used to prepare the consolidated and separate annual financial statements to ensure that the disclosed amounts are supported by valid and accurate documents. Management as the first level of assurance providers, have not effectively discharged their duties and responsibilities regarding the validity, accuracy, and completeness of the consolidated and separate annual financial statements. This resulted in non-compliance with legislation.
41. Furthermore, management did not implement appropriate internal controls to prevent non-compliance with other key legislation.

Material irregularities

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

Material irregularities in progress

43. I identified other material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in next year's auditor's report.

Status of previously reported material irregularities

Prepayments made to Amatola Water Board

44. 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 (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.
45. 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 has subsequently performed work for which the relevant evidence was audited. The last payment vouchers for the work done were received on 30 November 2022. Physical verifications were also performed during the audit for the year ended 30 June 2022.
 - The implementing agent refunded the municipality an amount of R46 million on 30 June 2022 being the remaining balance of the pre-payments made.
 - The municipality reported the matter to the Directorate for Priority Crime Investigation (the Hawks) in April 2021, these matters were still in progress at the time of this report.
 - There was an investigation that was conducted and officials that were found liable were given notice of intent to suspend them. This investigation was challenged in the high court of South Africa court and the court took a decision on the 18 July 2023 to set aside this investigation and the outcomes of the investigation.
46. The accounting officer took the appropriate steps and the material irregularity is resolved.

Covid 19 danger allowances were paid using an incorrect rate

47. The municipality made overpayments of covid 19 danger allowance to its employees who worked during level 3 of the national lock down. 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.
48. 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.

49. Below are steps that the accounting officer has taken/ or is in the process of taking in resolving the matter:

- The final danger allowance payment was presented in the special Local Labour Forum (LLF) meeting as a MI and Unions noted the report on 12 September 2023. As part of the consultation, the report was tabled at a staff general meeting 24 June 2024.
- The municipal manager prepared a report for mayoral committee (Mayco) and council, for the recovery of fruitless and wasteful expenditure and for the purposes of investigation. The report was tabled to the Mayco and council on 22 May 2024.
- The report has been referred to court for review with the aim of reducing the risks of potential litigations on 11 September 2024.
- On 21 October 2024, the accounting officer wrote to all employees who benefited. Employees were advised to make payment arrangements with the accounting officer within 14 days of receipt. Additionally, a circular was issued to all employees outlining the process of recovery on 24 October 2024.
- The Municipal Disciplinary Board will investigate the matter and once findings are made, consequence management will ensue. The recommendations of the Municipal Disciplinary Board will be tabled to council; and the municipal manager will subsequently implement the resolutions.
- The LLF members will be trained on financial management matters to avoid the re-occurrence of this matter.

50. The progress on the material irregularity will be followed up during the next audit period.

Other reports

51. 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 financial statements or my findings on the reported performance information or compliance with legislation.

52. The Special Investigating Unit (SIU) is 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.
- The construction of the Signal Hill Reservoir and the appointment of Amatola Water Board in 2019 and an alleged irregular payment made to Amatola in 2020.

53. The SIU is investigating the matters included in proclamation 172 of 2024 by the President, gazetted (No. 51056) on the 20 August 2024. The matters under investigation include allegations of serious maladministration for the following contracts:

- The construction of the Signal Hill Reservoir and the appointment of Amatola Water Board in 2019 and an alleged irregular payment made to Amatola in 2020.
- The construction of the Mqanduli Bulk Water Scheme and the appointment of the contractor and an alleged irregular payment made to the contractor in 2019.
- The supply and installation of a pump at Mhlontlo Cluster 1 and the appointment of the contractor and an alleged irregular payment made to the service providers in 2019.
- The electrification of the Mthatha Dam and Highbury, and the construction of the Thornhill Clear Water Pump Station, and the alleged irregularities regarding payment of Amatola for these projects in 2018 and 2019.

54. These investigations were still in progress at the date of signing this report.

Auditor-General

East London

11 December 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.3 Management Audit Action Plan 2023/2024

Table 58: *Management Audit Action Plan (MAAP)*

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
1	Strategic Planning and Governance	Litigations and claims (COAF 22)	During the audit of contingent liabilities, a difference was noted between the external legal confirmations obtained from the attorneys of the municipality and the contingent liabilities register. The difference was mainly due to the entity not making estimates for litigations where the claimants were claiming for re-in statements or claiming for the municipality to provide water as per the constitutional mandate. This may result in an understatement of contingent liabilities of an estimated amount of R1 877 163,37.	The difference was mainly due to the entity not making estimates for litigations where the claimants were claiming for re-in statements or claiming for the municipality to provide water as per the constitutional mandate.	Management should perform estimates of all the litigations and claims as per the requirements of GRAP 19. Estimates made by the legal representations of the municipality should be taken into consideration.	The claimants on the matters did not have any costs as such the disclosures by the municipality are correct. However, the external providers made an error in the confirmations by including their estimated fees claim in defending the municipality. Upon receipt of the finding, management solicited clarity from the external provider and they made the written presentation rectifying the error made in their disclosures. The municipality will then work with all the providers to ensure that they understand the disclosures contingencies as well as their estimated costs during the term of the cases.	1. The municipality will then work with all the providers to ensure that they understand the disclosures contingencies as well as their estimated costs during the term of the cases. 2. The litigations registers should be updated on a quarterly basis with the most recent/ up-to-date information. 3. For annual financial statement purposes, legal confirmation should be done with the attorneys to ensure that the reported information is accurate and complete.	Quarterly
2	Strategic Planning	None compliance	Some senior managers were	This was caused by inadequate	Management should exercise proper	Some senior managers can be confirmed that	The Accounting Officer will ensure	Quarterly

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
	and Governance	with Municipal Systems Act Section 57(7) (COAF 29)	identified to have been appointed after November 2022, however we noted that their contracts are not permanent.	internal controls by management in terms of ensuring compliance with the Municipal system Act	internal controls over appointments of senior managers and comply with MSA Act.	their appointment was concluded after the 01 November 2022. However the advert for the reflected managers and the interview processes were done before the approval of the legislation. Upon conclusion of those processes competency assessments and appointment were delayed. Below are the interview dates for the positions:- Interview date 25 July 2022 27 July 2022 17 October 2022 It need to be noted that prior implementation of the legislation council was to be apprised of the legislation and recruitment to be in line with the legislation. The last senior manager is on permanent bases and the entire recruitment for the manager complied to the legislation and the	that the Municipality will be kept abreast of new legislation and relevant policies/ SOP will be reviewed and updated accordingly. All amendments/ new legislation will be accordingly communicated to affected personnel.	

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
						employment is on permanent conditions.		
3	Strategic Planning and Governance	Fruitless and Wasteful Expenditure. (COAF 37)	Issue 01: Lack of consequence on Fruitless and Wasteful Expenditure While performing procedures with regard to Fruitless and Wasteful expenditure, it has been noted that person no indication of steps taken from the responsible persons to recover the expenditure before it is written off in respect of the following transactions. This will result in non-compliance finding which will be a paragraph in the audit report as losses resulting from fruitless and wasteful expenditure were not recovered from the liable persons. Issue 02: No indication of measures taken to recover the expenditure. When performing	Lack of consequence management. No indication of measures taken to recover the expenditure. Terms of reference not approved.	Management should ensure that proper steps are taken to recover the money from the responsible person before it is written off. When approving the write-off the council committee must consider: • Measures already taken to recover the expenditure. • Cost of the measures already taken to recover such expenditure. • Estimated cost and likely benefit of further measures that can be taken. Management must ensure that a proper investigation meet the following criteria: a. The investigation was commissioned/ approved at the appropriate level. b. Terms of reference of the investigations were	Issue 01: The management disagrees with the finding The 2021 and 2022 Damages: R80 000 and R83,482,44 – December MPAC Report Both damages occurred on hired vehicles for the Speaker and the Executive Mayor. They were never reported to the Municipality as the Municipality is using the travel agents for these services. It was only revealed when Namhlanje Travel Agency submitted an invoice. The MPAC committee reached a conclusion that these amounts should be written off as the driver of the Speaker already left the institution but going forward Consequence management should be instituted. The committee also recommended that the Loss Control Policy and Committee be	Investigations of UIFW are currently on going, awaiting the outcome of the investigations report.	21 Feb 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
			procedures with regard to Fruitless and Wasteful expenditure, it has been noted that person no specific reasons provided or as to why the expenditure is written off/measures taken to recover the money. Issue 03: Fruitless and Wasteful Expenditure and also Unauthorised expenditure written off Whilst performing procedures with regard to Fruitless and Wasteful expenditure, it has been noted that criteria of proper investigation were not met as no indication that terms of reference of investigation were approved in respect of the Fruitless and Wasteful expenditure written off during the year under review.		approved. c. The scope of the investigation addresses the allegation. d. The recommendations/ findings were relevant to the allegation. e. Investigations comply with auditee's policies with regard to independence and qualification/position.	established as means to consider the occurrences and receive the costs. The policy was adopted by council, and it is an instrument to be used to recover any fruitless and wasteful expenditures. Since then, management report quarterly on all fruitless and wasteful in order to immediately determine the recoverability and implementation of the loss control policy. 2023 Damages: R352 745 - April MPAC Report The incident relates to a hired car by an ex-employee in the Executive Mayor's office. The Travel agent (Swift Travel and Tours) paid the damages on behalf of the institution and no consequence management was implemented. This was revealed during 2024, and the committee suggested the write off on the basis that the		

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
						affected employee was no longer in the institution. It also noted that processes to recover the costs would be too cumbersome and expensive as it would require the legal route. Management noted these previous years occurrences and put mechanisms in place to deal with the matters. These include amongst others the ensuring that the travel agent as a third party take the risks of insurance, On the other hand the institution adopted the Loss Control Policy and established the committee. It needs to be noted that the occurrences were for the previous year's 2019/202 Issue 02: Disagree with the finding December MPAC Report The above figures are all included in the Fruitless and Wasteful expenditure of R5 144		

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
						666, 16. The interest paid to all the listed service providers was due to invoices not paid within 30 days. The reason for non-compliance was due to invocation of Section 216 by the National Treasury and was uplifted in March 2023. There were no funds to pay the Service providers. It is against that reason the MPAC requested a write off without consequence management as the occurrence was unavoidable. Moreover, the political instability in the institution contributed to the occurrences of the fruitless and wasteful expenditures. It has to be noted that when the matters were disclosed, all the officials and councillors who led to the introduction of Section 216 of the Constitution were no longer in the institution for the municipality to recover the funds. Issue 03:		

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
						Disagree with the finding The investigation of UIF&WE was first conducted by an Ad-hoc committee that was appointed by Council in 2016. The Ad hoc committee developed the process plan/methodology to be followed when conducting the investigations. When the investigations were handed over to MPAC, MPAC continued with the approved process plan/methodology as there were no additions made. See attached Methodology and the resolution for 08 December 2016 where the Methodology was approved.		
PREDETERMINED OBJECTIVES								
4	Strategic Planning and Governance	KPA 1: Completeness of Relevant Indicators (Coaf 21)	During the audit it was identified that there were projects of significant importance to the mandate of the municipality, to service delivery needs of the people	There was no adequate review by the accounting officer and management of the municipality to ensure that there are	Management must ensure that all infrastructure projects of significant values in terms of service delivery and spending are reported on in the		Management to review the operational plans, project implementation plan and maintenance plans to ensure that all strategic/ operational projects	21 Feb 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
			of the OR Tambo District Municipality and of significant monetary spend (Including from conditional grants) that were not included in the SDBIP as service delivery targets and performance indicators. The Projects not reported on in the form of targets and performance indicators are possibly over R350 million in value and there are significant delays in some as reported in note 8 of the annual financial statements.	performance indicators and performance targets included in the SDBIP for all projects of significant value and interest to the public in order for those to be reported in the annual performance report for the better project monitoring and for the general accountability requirements of the municipality.	APR (and included in the SDBIP) including relevant performance indicators, performance targets and achievements (or progress made in in the achievement of targets). Management must include targets and indicators for projects completed and those that are in progress.		are aligned/ included in the SDBIP, and such performance achievement is accordingly reported upon. The necessary update on the SDBIP should be accordingly amended/updated as part of the mid-year performance review process.	
5	Strategic Planning and Governance	Iss.48 KPA 1: Usefulness: Indicator P089 - Number of water borne sanitation contracts completed - Inappropriate presentation and disclosure of projects in the APR. (COAF 26)	During the audit of usefulness it was noted that there was noted that measures taken to improve performance are disclosed in the APR for the following projects, supported by sufficient corroborating information: Lusikisiki Sewer Reticulation - Contract 3B,	During the adjustment of the SDBIP, this project was listed to be completed, however, the contractor was not yet back on site but was later allowed to go back to site. It was then erroneous not	Management should exercise adequate reviews in order to ensure that performance reporting information that is submitted is sufficient and reliable in order to avoid issues of unfair presentation and disclosure findings being raised	Management will strengthen controls to ensure no omissions are made during any adjustments. This will be done in correlation between the IWS reporting any changes to the PMS as to avoid any gaps thereof. During monitoring of the planned targets, alignment of the plans	Management will strengthen controls to ensure no omissions are made during any adjustments. This will be done in correlation between the IWS reporting any changes to the PMS as to avoid any gaps thereof. During monitoring of the planned targets,	30 Jan 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
			Lusikisiki Wastewater Treatment works phase 2A	included back on the SDBIP as well as the APR.		and the report will be ensured.	alignment of the plans and the report will be ensured.	
6	Strategic Planning and Governance	ss.106 KPA 1: Annual Performance Report did not include actual expenditure incurred column on the implementation of the performance indicators. (COAF 39)	During the audit it was identified that the Annual Performance Report did not include a reporting column for the actual expenditure incurred on the implementation of the performance indicators.	Management lack of exercising adequate reviews in ensuring that the Annual Performance Report includes a column for actual expenditure incurred on the implementation of projects relating to the performance indicators in order to be able to keep track of the allocated budget as indicated in the SDBIP for correlation with the actual expenditure incurred for the performance indicators reported as achieved.	Management should ensure that there's proper implementation of adequate reviews in place in order to ensure that there's provision of the actual expenditure column in the APR in order to be able to monitor the actual expenditure incurred in the implementation of the performance indicators against the allocated budget as well as ensuring that there is correlation between the actual expenditure incurred, allocated budget and actual reported achievements.	The management disagrees with the finding as the municipality believes that the Annual Performance Report should reflect actuals of audited financial information and as thus the column in question will be included in the Audited Annual Performance Report to be tabled to council in January 2025. However, management notes the finding and will source appropriate advice on how to deal with this matter.	APR to include unaudited figures for the actual expenditure to date and will accordingly be updated to audited figures once the audit is completed.	30 Jun 2025
7	Strategic Planning	KPA 1: Completeness	During the audit it was identified that	There was no adequate review	Management must ensure that all		The management will engage with the	30 Jan 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
	and Governance	of Relevant Indicators (COAF 38)	there were projects of significant importance to the mandate of the municipality, to service delivery needs of the people of the OR Tambo District Municipality and of significant monetary spend (Including from conditional grants) that were not included in the SDBIP as service delivery targets and performance indicators. The Projects not reported on in the form of targets and performance indicators are possibly over R350 million in value and there are significant delays in some as reported in note 8 of the annual financial statements.	by the accounting officer and management of the municipality to ensure that there are performance indicators and performance targets included in the SDBIP for all projects of significant value and interest to the public in order for those to be reported in the annual performance report for the better project monitoring and for the general accountability requirements of the municipality.	infrastructure projects of significant values in terms of service delivery and spending are reported on in the APR (and included in the SDBIP) including relevant performance indicators, performance targets and achievements (or progress made in the achievement of targets). Management must include targets and indicators for projects completed and those that are in progress.		AGSA on how to measure progress of projects which will not be completed. It needs to be noted that in the previous years the municipality measured project progress and AGSA advised otherwise and as such a measure of the contracts to be completed has been introduced whilst the ones on progress have been under grant expenditure	
8	Strategic Planning and Governance	Iss.105 KPA 1: CMRPD – Non- compliance with percentage compliance of drinking water	During the audit of CMRPD indicator (P001) - percentage compliance with drinking of quality water, it was identified that the	Management had previously set a target of 95% which was considered as not achievable during the	Management should make use of SANS water quality requirements as basis for setting or determining their targets for	The district has compiled a comprehensive report to address reasons for disagreement. Kindly find attached.	SDBIP to be reviewed, as part of the mid-year assessment, and updated accordingly, as part of the mid-year review, to	30 Jan 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Management responses	Action	Due Date
		quality as required by South African National Standard (SANS 241). (COAF 38)	municipality set a target of 92% which below the SANS unacceptable norm of 97% and therefore, was not compliant with the drinking water quality requirements as stipulated by The South African National Standard (SANS). Below is the analysis based on the SANS requirements and IRIS reports submitted as POE. This then allowed the municipality to report an overachievement of 94% in their Annual Performance Report (APR).	2022/23 financial year in their SDBIP. The target was subsequently revised during the mid-year adjustment to 92% in order to set realistic targets that would be achievable.	percentage compliance of drinking water quality in order to improve water quality to avoid instances of litigations in an event that the communities consume poor quality water that exposes them to diseases or poor health conditions.	Notable improvements identified to be implemented by the district: 1. Water safety planning 2. Implementation of O&M Plan 3. Accelerating refurbishment of drinking water infrastructure	ensure that the water quality target is in line with South African National Standard (SANS) 241.	

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
1	Revenue/ Data Management	Revenue from exchange - Application for service documents did not include ID copy of applicant (COAF 1 PLANNING)	Paragraph 7.4.3 of the updated Credit Control and Debt Collection Policy states that: The applicant may be required to undergo a full credit check in an endeavour to trace all debt inclusive of municipality debt owed by the applicant. This will require the provision of, inter alia, acceptable means of identification and if applicable, the binding lease agreement, title deed and other relevant supporting documentation as required by the Municipality from time to time. The relevant application form as approved by the Municipality from time to time forms an integral part of this policy insofar as the contents of such application form are not in conflict with any of the provisions of this policy.	The was a lack of review of the application documents in order to ensure that all required documents as per the policy were valid, accurate and complete.	Management should ensure that all documents required per the policy are submitted, reviewed and ensure validity, accuracy and completeness of the documents.	A register of all new applicants for the period under review should be maintained for booking keeping purposes. The register should be updated daily for the new applicants processed on the day. 'All application for service documents should be scanned and stored both in a soft copy and hardy copy files. All the hard copy information must be stored in a safe place in order to guard against the risk losing/misplacing the information. The register should be reviewed monthly against the supporting information in order to ensure that it is accurate and complete	Monthly

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
2	AFS	Issues identified from high-level review of AFS (COAF 05)	Misstatements relating to casting and cross-casting were identified as part of high level AFS review We have noted the significant matters identified while performing a high-level review of the financial statements	Non-compliance with section 62(b) & (c) of the MFMA	Management should review the items above and effect corrections where necessary	Interim financial statements will be done on a quarterly basis and will be adequately reviewed by Manager AFS & recons, CFO and Internal Audit. A detailed review will also be done on the AFS timeously by CFO, Internal Audit and Audit committee to prevent and correct all discrepancies on the AFS.	Quarterly
3	Expenditure Management AFS	Expenditure: Contracted services: Inconsistencies between Invoice amounts and Inventory consumed listing (. COAF 6)	When testing Inventory consumed it has been noted that there are inconsistencies between invoice amounts and amounts consumed.	Lack of stock monitoring and internal controls around receiving of inventory items	The management should do a regular check on amounts recorded on listing ensuring that agree with amounts as per invoices and quantities delivered as per delivery note to ensure proper controls around inventory.	The correct information should be submitted within the agreed upon timeframes/ turnaround time for the audit in order to prevent and avoid reoccurrence of a similar incident during the audit.	30 Jun 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
4	Expenditure	Capital commitments misstatement. (COAF 7)	While testing the capital commitments balance disclosed in the annual financial statement, the following misstatements were noted on retention amounts and expenditure were due to being incorrectly calculated and therefore the commitments balances were incorrectly stated:	The root cause is due to the lack of appropriate management review of the Commitment/Contract Register to ensure that commitments have been appropriately stated. The VAT on the retention has been omitted. This results in an overstatement of commitments by a factual amount of R729 200,68 and a projected overstatement amount of R2 626 509,74. The total misstatement amounts to R4 914 138	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 2024. The retention included under commitments should be inclusive of VAT.	Commitment register is prepared and reviewed on a monthly basis in order to allow for a rigorous and timeous review process. Retention register is prepared and reviewed on a monthly basis in order to allow for a rigorous and timeous review process. A reconciliation between capital commitments, retentions and WIP registers to be performed quarterly in order to confirm accuracy and completeness of the three registers.	Monthly

5	Revenue Management	Revenue from exchange transactions - Service Charges Misstatement. (COAF 08)	Issue 01: When testing revenue from exchange transactions: water, noted differences on amount billed.	The municipality is unable to obtain actual meter readings for some of the customers due to various reasons.	Management should update policy and procedures in order to be able to account for instances where there were no meter readings for an extended period of time (i.e. where meter readings were last performed in the prior year).	Consumers are invoiced based on estimates of consumption where no meter reading has taken place during the billing period.	Monthly
			Issue 02: Customer not billed (Understatement of Revenue) O.R. Tambo District Municipality uses the Solar system to account for service charges, which is quite complex. During the testing of revenue completeness, it was noted that some customers were not billed due to various reasons, leading to incomplete revenue. The reasons include: - Some customers were not billed due to the lack of ongoing inspections and updates to the billing report, which would ensure that account numbers are properly allocated, and customers are billed appropriately. - There was no clear indication of which specific accounts had been consolidated, making it impossible to confirm whether billing had occurred. - Some properties and land were either not in service or vacant. While the municipality did not bill for these, no proof was provided to confirm that the land or property is indeed	The municipality did not consider tariffs approved in 2022/2023 financial year in accounting for revenue from actual consumption after having not read the meters 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 years when determining revenue of actual consumption.	Internal records to be maintained whereby actual consumption is compared to estimated consumption to provide additional assurance that significant adjustments are not required to reverse excessive estimates.	Monthly
				Lack of Ongoing Inspections and Billing Report Updates: Cause: Ineffective internal controls and monitoring processes to ensure that billing reports are regularly updated. The absence of a structured inspection schedule likely results in outdated or incomplete billing information, leading to missed billings. No Clear Indication of Consolidated Accounts: Cause: Poor	Lack of Ongoing Inspections and Billing Report Updates: i. The municipality should establish a routine process for inspections and updates to the billing report. This will ensure that account numbers are accurately allocated, and customers are billed appropriately. ii. Implement	A reconciliation is performed between the existing billing information and the valuation rolls from the local municipalities as means to address the completeness issue. During this process, an exception report (for properties not billed) is generated and revenue management performs physical verification, verifying information from the	19 Feb 2025

			vacant or not in service. Issue 03: Revenue from non-exchange transactions: Incorrect description on journal relating to prior year unspent conditional grants During the audit of equitable share for the fiscal year ended June 30, 2024, it was identified that a journal entry related to unspent prior year conditional grants was recorded in order to recognize prior year unspent conditional grants (rollover not approved and amount not paid back to National Treasury) as equitable share. The journal however had an incorrect description as per the GL. The journal description as per the GL is "RECOGNITION OF EPWP EXP. FIN90200125009" Details: • Journal Entry Date: 23 January 2024 • Transaction Amount: R111 991 050 • Incorrect Description: RECOGNITION OF EPWP EXP. FIN90200125009 • Correct Description: Recognition of equitable share used for repayment of unspent grants	documentation and record-keeping related to account consolidation. There may be gaps in communication between departments responsible for managing customer accounts and billing, or inadequate system functionality to track and reflect account consolidations accurately. Properties and Land Classified as Vacant or Not in Service: Cause: Lack of a formalized process or system for tracking vacant or un-serviced properties. There is a lack of standardized procedures for entering descriptive details in journal entries or insufficient attention to detail when recording descriptions. The are inadequate guidelines on how to describe different types of journals or a	automated system alerts within the Solar system to flag any accounts that have not been billed or where data updates are required. Consolidation of Accounts: i. Ensure there is a clear and documented process for consolidating accounts, including specifying which accounts have been merged. This information should be readily available for review and verification. ii. The Solar system should include a feature or report that tracks all account consolidations to confirm that the newly consolidated accounts are billed correctly. 3. Verification of Vacant or Un-serviced Properties: i. The municipality should maintain an updated list of vacant or un-serviced properties and cross-reference this with billing records to	deeds search and opening of accounts (for customers verified). Revenue management to perform needs analysis and due diligence in order to confirm whether they require additional resources given the amount of backlog with opening due accounts and/or fixing vandalized/damaged meters. The due diligence should confirm which resources are required internally, staff pulling from other departments such as Water and Sanitation (maintenance), as well as whether additional resources are required externally.	
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				lack of training on the importance of accurate descriptions	ensure accuracy. ii. Regular inspections should be conducted to verify the status of properties, and management should provide evidence supporting the classification of land as vacant or un-serviced. iii. Establish clear documentation protocols for confirming that properties classified as vacant or not in service should not be billed. Issue 03: 1. Policy Update: Establish or update policies to include clear guidelines for writing accurate descriptions for different types of transactions. 2. Staff Training: Implement training programs to emphasize the importance of correct descriptions in journal entries and to clarify how to properly describe various types of financial transactions. 3. Review Procedures:		
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
					Introduce a review process to verify that descriptions in journal entries accurately reflect the nature of the transactions before they are finalized. 4. Internal Controls: Strengthen internal controls to ensure that both the financial amount and descriptions in journal entries are reviewed for accuracy and clarity.		

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
6	AFS	Revenue from non-exchange transactions: Incorrect description on journal relating to prior year unspent conditional grants. (Coaf 08)	Paragraph 62 of the MFMA states that (1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure: (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. (c) that the municipality has and maintains effective, efficient and transparent systems - (i) of financial and risk management and internal control; and (ii) of internal audit operating in accordance with any prescribed norms and standards.	There is a lack of standardized procedures for entering descriptive details in journal entries or insufficient attention to detail when recording descriptions. The are inadequate guidelines on how to describe different types of journals or a lack of training on the importance of accurate descriptions	1. Policy Update: Establish or update policies to include clear guidelines for writing accurate descriptions for different types of transactions. 2. Staff Training: Implement training programs to emphasize the importance of correct descriptions in journal entries and to clarify how to properly describe various types of financial transactions. 3. Review Procedures: Introduce a review process to verify that descriptions in journal entries accurately reflect the nature of the transactions before they are finalized. 4. Internal Controls: Strengthen internal controls to ensure that both the financial amount and descriptions in journal entries are reviewed for accuracy and clarity.	Proper journal narrations to be documented on all processed journals based on the nature of the journal, supported by all necessary POEs.	Monthly

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
7	Expenditure	Trade payable – Difference noted between account statement and payables schedule. (COAF 09)	Issue 01: The amount recorded in the schedule for payables for Department of water and sanitation is different from the amount that appears on the customer statements and invoice. These misstatements resulted in a total projected misstatement of R50 145 522.92	Lack of proper internal controls over the recording of amounts. Lack of proper internal review controls by the management.	Management should analyse the amounts that made a difference and adjust accordingly. Also implement proper internal review controls on reconciliations.	Each supplier to be requested to attach a supplier statement for each submitted invoice in order to prepare a reconciliation to the supplier's statement. 'Monthly reconciliations to be performed for each supplier, supported by supplier statements of account as per above. Regular follow ups to be performed for long outstanding/pending orders to ensure that they are executed timeously.	Monthly

8	HR & Salaries	Employee costs - Differences between the GL and the payday report. (COAF 11)	Issue 01: ISS.25 Employee costs - Differences between the GL and the payday report During the audit we have identified differences between the annual financial statements and the payroll of the municipality, and on discussion with management the differences were not explained and provided with sufficient audit evidence. This has resulted in a limitation misstatement of R5 615 772,18 Issue 02: ISS.29 Employee costs – Fruitless and wasteful expenditure During the audit it was noted that terminated employees received their salaries after termination for services they did not render. Issue 03: ISS.36 Employee costs – Employee does not have employment file or contract Some employee did not have employment contract with the municipality.	The payroll reconciliation was inadequately reviewed and ensuring that all differences are supported by reliable explanations and evidence This was caused by late submissions of terminated employees by to the payroll section by management. The municipality employs people on a month-to-month basis and does not have a contract with the employees or any supporting documents.	Management must follow up on the differences and ensure they are supported by sufficient audit evidence. Management should ensure all terminated employees are removed from the system immediately and the person responsible for the salaries be informed immediately to prevent re-occurrence of this event. There municipality should ensure that there is an employment contract in place for every person working for municipality, after following the prescribed recruitment processes	Issue 01 'Monthly reconciliations to be performed between the GL and payday and necessary correcting journals should be processed and approved before the GL for that particular month closes. All suspense accounts to be cleared on a monthly basis before the GL for that particular month closes. Issue 02 & 03: HR should action terminations immediately, on Payday, as and when they occur and the communication of such terminations should be immediately communicated with all the necessary documentation to salaries to prevent and avoid paying salaries to people no longer in the employ/ service of the municipality.	Monthly
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
						Furthermore, communication of all appointments and terminations should be communicated to salaries, with all necessary documentation (appointment letter with employment contract and termination letters) to employments before the cut-off days for the payroll run of each month as a reminder in order to prevent and avoid any incorrect salary payments from being made. Salaries should enquire monthly from HR for any terminations before the payroll cut-off date in order to ensure that they only pay employees still in the employment of municipality.	

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
9	Expenditure	Retentions – Retentions payables recorded at amount net of VAT. (COAF 12)	Issue 01: Retentions – Retentions payables recorded at amount net of VAT During the testing of trade and other payables from exchange transactions – retentions, it was noted that the entity recorded the retention payable at an amount net of VAT. The following misstatements were noted on retention payable amounts:	The root cause is due to the lack of appropriate management review of the Commitment/Contract Register to ensure that commitments have been appropriately stated. The VAT on the retention have been omitted	Management should analyse the amounts that made a difference and adjust accordingly. Also implement proper internal review controls on reconciliations. The retention payable should be recorded at amount inclusive of VAT	Retention register to be prepared and reviewed on a monthly basis in order to allow for a rigorous and timeous review process. A monthly reconciliation is performed between the GL and the register and all necessary journals be processed and approved before the GL for that particular month closes. A further reconciliation to be performed quarterly between the capital commitment register, contract register, WIP register and retentions register in order to confirm accuracy and completeness of these four registers.	Monthly

10	AFS	Presentation and disclosure of receivables from exchange transactions (ISS.39) (COAF 13)	Issue 01. When testing presentation and disclosure of receivables from exchange transactions, it has been found that Note 3 of the financial statements have disclosed outstanding interest on debtors of water and sewerage as other debtors and not aggregated with debtors from water and sewerage. Issue 02. When testing the calculation of interest on outstanding debtors from exchange transactions, it was discovered that the interest calculation approach is provided for in the tariffs policy of the Municipality, however the tariffs policy document applicable for the 2023/24 financial year did not have a clause relating to the interest on outstanding debtors. Issue 03. During the audit the misstatements were identified when recalculating the impairment on receivables from exchange transactions (service debtors)	The municipality did not ensure that interest charged on outstanding debtors for water and sewerage is disclosed in a manner which directly links it to the related service charge which gave rise to it. The municipality did not ensure that tariffs policy for applicable in the 2023/24 financial year which provide guidance on calculation of the interest on receivables from exchange transactions is complete and clearly state the clause for interest on arrears. The municipality did not ensure that recoverability rates for each debtor that is subjected to impairments assessment is calculated appropriately and take into account all the billings generated	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information which will enable the user of financial statements to understand the drivers of the interest charged on service charge debts and the link of the interest charge disclosed in the financial statements to the category of services debtor. The accounting officer must ensure that annual review of policies is performed, update of policy documents and completeness of policy documents is maintained. Management should do adequate review of the underlining schedules to the annual financial statement to ensure formulae are correctly applied and that all billings are taken into account when	A detailed review to be done on the AFS timeously by CFO, and Internal Audit to prevent and correct all discrepancies between the AFS and supporting schedules. The AFS to be submitted to Treasury for review in order to get guidance and advice on the correct accounting treatments. Management to review and revise the policy to include a clause for charging of interest on outstanding debtors. The municipality is and has always been charging 10% interest on debtors' balances exceeding 30 days. The interest charge was approved by the Council in the previous financial year.	Quarterly 19 Feb 2025
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
				from each debtor in the current year.	recalculating impairment.		

11	SCM	Procurement- Deviations, Supply Chain Management Deviations Issue (Iss 45 (COAF 19))	1. Deviations were not presented to council Upon inspecting the supporting documentation provided, it was noted that no evidence had been submitted indicating that the deviation was reported to the council for the following project listed below. 2. Deviation memorandum not signed by Municipal Manager 3. Deviations were submitted without the required Central Supplier Database (CSD) compliance history reports attached. 4. The required approved deviation memorandum was not attached 5. The reasons for some of the deviations were neither reasonable nor justifiable, as they appear to stem from poor planning, with no evidence of ongoing assessments or indications of any change in circumstances 6. The following declarations were not submitted in the deviation documentation for the deviations listed below: • Declaration that, in the past	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.	1. Management needs 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 approved by the delegated official and the irregular expenditure also need to be updated by management.	All required information to be submitted timeously to avoid any delays on the audit. Deviations to be presented to council quarterly.	2025/06/30 Quarterly
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
			five years, the winning provider has not been notified of unsatisfactory performance on a contract with the municipality, municipal entity, or any other organ of state. • Declaration that the winning bidder, or any of its directors, is not known to have engaged in corrupt or fraudulent actions when competing for the contract. • Declaration that the winning provider, or any of its directors, is not known to have abused the institution's supply chain management system or engaged in fraud or other misconduct related to the system. • Declaration that the winning bidder, or any of its directors, has not been convicted of fraud or corruption in the past five years. • Declaration of interest from the winning provider, including confirmation of: • Any current or past service within the state in the previous twelve (12) months.				

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
12	Expenditure: Salaries	Employee costs - Negative balances in employee costs. (COAF 20)	The amount was deducted from an account that had a nil balance. This was also caused by inadequate review control by management as this would have been picked up had the AFS been properly reviewed.	Lack of proper review of AFS resulted in a limitation misstatement of R1 827 389	The management should revisit the population in order to identify where the amount to be deducted from is sitting in the populations and adjust accordingly. Also implement proper internal review controls on AFS	Monthly reconciliations to be performed between the GL and payday and necessary correcting journals should be processed before the GL closes for that particular month. All suspense accounts to be cleared on a monthly basis.	Monthly

13	SCM & Expenditure: Project payments	SCM: Projects not monitored on a monthly basis. (COAF 24)	Issue 01: Projects not monitored on a monthly basis 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 signed on behalf of the municipality and the service provider and/or contract, see table below for the contract management clause that was not complied with: The monthly progress reports were not submitted for the full 12 months of the financial year. Issue 02: No proof that the Variation orders had been tabled to Council Contract variation orders were not tabled to the municipal council. Issue 03: No retention fee withholds for contracts not yet complete No retention was withheld on contracts/projects that were not yet completed. Issue 04: Variation Orders not Approve by Municipal Manager Variation orders have not been approved by the Municipal Manager.	Management did not ensure compliance with applicable laws and regulations. This is due to a lack of review to ensure that the variation orders were submitted to the council. Project Managers did not ensure that retention amounts were withheld for projects that are still not yet complete. This is due to a lack of review of the variation orders to ensure they were signed by the Municipal Manager. The cause of the above finding is due to lack of control by management to ensure compliance with MFMA with regards to contract management. This is due to a lack of review of the contract data and SLA to ensure they were signed by the	Issue 01: 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 Issue 02: Management should ensure that proper record keeping is implemented at the municipality to ensure that all requested information is readily available and submitted timeously upon request. Issue 03: i. There is proper record keeping ensuring accurate and complete information is presented and disclosed for retentions on the annual financial statements. ii. There are regular reviews and monitoring of the retention register to ensure that information in the register is free from errors.	Regular reviews and monitoring of the contract register to ensure that information in the register is accurate and complete. A monthly reconciliation should be done between the contract register, commitment register, and retentions register for accuracy and completeness of the three registers.	Monthly
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			Issue 05: Variation orders were not submitted to the BAC There is no proof that the variations reports were submitted to the Bid Adjudication Committee prior to the respective variation orders being approved by the Municipal Manager. Issue 06: Contract data or Agreements were not signed by the Municipal Manager Project/contracts' Service Level Agreements (SLAs) or contract data/agreements were not signed by the Municipal Manager. Issue 07: Deficiencies identified on the contract register On review of the contract register the following internal control deficiencies were identified: 1. Projects with no contract duration stipulated 2. Projects with no contract appointment date stipulated 3. Projects with no contract termination date 4. Projects with no contract amount paid to date Issue 08: During the testing of contract management, the were items selected from the	Municipal Manager. 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. This could be attributed to lack of controls that are not being implemented by management	Issue 04: Management should review the variation orders to ensure that they are approved by Municipal Management before implementing any variation order or adjustments to the contract amount. Issue 05: Management should implement controls to ensure compliance with contract management requirement per MFMA and the municipalities supply chain policy. Issue 06: i. Implement a Review Checklist: Develop a checklist for contract documentation that includes a verification step to confirm signatures from all authorized parties, including the Municipal Manager. ii. Establish a Monitoring Process: Assign a responsible team or individual to review contracts and SLAs before submission for		
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
			WIP register of ORTDM, however, the projects could not be traced to the contract register.		signature, ensuring that all necessary documentation is complete. iii. Conduct Regular Audits of Signed Agreements: Periodic internal audits of signed contracts can help identify any gaps in compliance and allow for corrective action. Issue 07: 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. Issue 08: 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.		

14	SCM	Selection of service providers in a panel is not in accordance with the SCM regulations (COAF 28)	During the assessment of procurement process for competitive Bids , we noted an absence of clear guidelines for the allocation of work within a panel established in the municipal SCM policy, Standard Operating Procedures, Bid Specification Committee minutes, and Bid Evaluation Committee (BEC) minutes to ensure fairness, equity, transparency, competitiveness, and cost-effectiveness, as required by the MFMA section 112 (1) (c) and Section 217 of the Constitution.	The issue was caused by lack of management oversight over review and monitoring of compliance with applicable laws and regulations.	1. Develop Clear Allocation Guidelines: The municipality should establish and document clear guidelines within its SCM policy, Standard Operating Procedures, or other relevant documents to outline the process for work allocation within contractor panels. This should ensure alignment with the requirements of the MFMA and Section 217 of the Constitution for fairness, equity, transparency, competitiveness, and cost-effectiveness. 2. Document Rotation and Needs-Based Allocation: To support the BEC's stated approach of rotational, needs-driven contractor appointments, a system should be implemented to record each allocation decision. This documentation should include the rationale for selection to provide evidence of compliance with SCM	As part of the improvement plan in ensuring that internal controls are tightened, management will revise the standard operating procedure as well as the SCM policy to be more clear and specific on the process of rotation. Further management will ensure that service providers that have already been allocated are not duplicated again when the new allocations are done.	19 Feb 2025
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
					policy and legislative requirements. 3. Competition within the panel should be established by: Requesting quotations from either all panel service providers or those selected on a rotational basis, as per the municipality's SCM policy or approved framework contract criteria.		

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
15	AFS	Change in estimate disclosure not disclosed on the AF. (COAF 27)	Contrary to the above requirement, we have noted during the depreciation testing that management has in the current year re-assessed the useful lives of asset, however there is no supporting change in estimate disclosure on the AFS. Contrary to the above requirement, we have noted during the depreciation testing that management has in the current year re-assessed the useful lives of asset, however there is no supporting change in estimate disclosure on the AFS. Further follow ups were made with management and they highlighted that the change in estimate supporting schedule was submitted as part of AFS submission however the disclosure was omitted on the AFS.	During the financial year the useful life of assets were reassessed based on their condition. Thus, resulting in an overall increased in the depreciation charge based on the useful life assessment.	• Management should review the items above and effect corrections where necessary. • Implement proper/adequate review process to ensure the completeness of the disclosure on the AFS	To ensure that all management estimates are reviewed annually. Based on the above annual review of management estimates, any changes will be reported and disclosed accordingly in the AFS.	30 Jun 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
16	AFS	ISS. 19: Unauthorized Expenditure: Inconsistence between an amount disclosed in Annual Financial Statement and amount as per Unauthorized Expenditure Schedule. (COAF 30)	During the audit of an Unauthorized expenditure it has been noted that there is a difference between the amount disclosed in the Annual Financial Statement and amount as per Unauthorized Expenditure Schedule in respect of the expenditure incurred in the current year, as detailed below.	The review processes on the financial statements were implemented however not effective in identifying possible errors that may have an impact on the fair presentation of the Annual Financial Statements.	Management should put processes in place to ensure that the annual financial statements are finalized on time in order to ensure that there is enough time allowed for the thorough review of the annual financial statements against the supporting schedules.	Management will ensure that all supporting schedule agrees to the AFS. A detailed review will also be done on the AFS timeously by CFO, Internal Audit and Audit committee to prevent and correct all discrepancies between the AFS and supporting schedules.	30 Jun 2025
17	AFS	Disclosure: Awards to close family members in service of the state. (COAF 32)	During the testing of the validity and accuracy of disclosures per note 61(Awards to close family members), it was noted that the awards that were disclosed in the note were not verified by management to confirm that the following awards were valid exceptions. This results in a misstatement in the amounts disclosed in the financial statements by R1 483 725.	The root cause is due to the lack of verification of the exceptions from management before disclosure to confirm that they are valid exceptions that should be disclosed in the financial statements.	Management should ensure that all exceptions disclosed in the financial statements for awards to supplier in service of the state should be verified and confirmed to be valid.	All information to be disclosed in note 61 will be verified for validity and accuracy before disclosed in the AFS. A detailed review will also be done on the AFS timeously by CFO, Internal Audit and Audit committee to prevent and correct all discrepancies between the AFS and supporting schedules.	30 Jun 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
18	Asset Management	Infrastructure WIP Additions. (COAF 33)	Issue 1: Invoices falling out of the current financial year As part of confirming the accuracy of the amount that is recognised as WIP addition on the register we have inspected the invoices and noted that the below invoices do fall outside the current financial period. Issue 2: Differences noted between amount recognised on the WIP register and the amount on the invoices and payment certificate. As part of confirming the accuracy of the amount that is recognised as WIP addition on the register we have inspected the invoices and payment certificate and noted that the amount recorded on the WIP register does not agree to the amount on the supporting invoices and payment certificate. • This result in an overstatement of WIP addition with a total amount of R 1 751 364.	• The review processes on the supporting document to the wip register were not implemented hence we have identified errors that have an impact on the fair presentation of financial statements.	• Management should review the items above and effect corrections where necessary. • Implement proper monthly reconciling and review processes of transactions recorded and underlying accounting records.	Monthly reconciliation between the fixed asset register and the GL to be prepared and all necessary correcting journals be processed before the GL closes for that particular month.	Monthly

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
19	AFS	Principal and Agents Related Transactions.1. Annual Financial Statements Note 44 Current Year and Prior Year. (COAF 31)	During the audit we identified differences on note 44 of AFS from the Prior year to the Current year when we were agreeing comparative figures: This result in a misstatement of R7 741 048 in the disclosure note of principle agent disclosure.	Management recorded the incorrect amount of - R4 939 489 as opening balance for EC Housing grant instead of R2 739 535 as per the AFS.	Management should ensure that Necessary adjustments are carried out to correct this understatement, and further management should ensure that the AFS preparation is reviewed to ensure that such Errors are prevented in the future.	Interim financial statements will be done on a quarterly basis and will be adequately reviewed by Manager AFS & recons, CFO and Internal Audit. A detailed review will also be done on the AFS timeously by CFO, Internal Audit and Audit committee to prevent and correct all discrepancies the AFS.	Quarterly

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
20	Revenue/ Data Management	Inadequate verifications of indigent debtors' status (ISS.36) (COAF 35)	During the audit of indigent debtors using CAATs, the following have been identified: 1. Payment to spouse of indigent debtor for supply of goods and services. 2. Spouse of the indigent debtor employed by other government department. 3. Indigent debtors who are directors of companies which received payments for supply of goods and services. 4. Indigent debtors who have invalid identity numbers. The municipality will provide free basic services to debtors who do not qualify to receive them. The municipality may not be able to verify indigent debtor when they are due for 24 months cycle reviews for indigent debtor status.	The Municipality have relied solely on the representations made by debtors when making indigent debtors' applications without making its own background checks to verify the income status of indigent debtor's applicant. The Municipality did not perform adequate reviews of the capturing of the information into the indigent register to ensure accuracy of the information captured.	The Municipality should ensure that it performs more independent checks to verify the indigent debtor's status before approving the application instead of only relying on the affidavit made by the applicant regarding their economic status. The Municipality should ensure that it performs proper reviews of the capturing of the information of the indigent debtors in the register to ensure accuracy of the register.	Due diligence and background checks will be done as part of review process of new applicants as indigents such as utilization of other sources as part of the verification checks. Such due diligence process should document as part of the Indigent SOP. The municipality will embark on a process of verifying the identified households by CAATs to confirm their status, after such verification, the municipality will take appropriate steps to terminate the subsidy of free basic services on those that are found to be benefiting in contravention of the policy.	30 Jun 2025

21	Asset Management	Non- compliance on terms of agreement entered with consultants (ISS.83) (COAF 36)	Issue 01: Non- compliance on terms of agreement entered with consultants (ISS.83) When testing compliance on use of consultants, it was discovered that OR Tambo District Municipality had engaged Infratech as a consultant to assist with implementation of infrastructure asset management plan contract through Municipal Infrastructure Grant (MIG) for a period of three years. The signed agreement between Infratech and OR Tambo District Municipality does not include the transfer of skills by consultants to the relevant officials of a municipality as part of terms of the agreement. Despite not explicitly stating the need to transfer skills by consultants to relevant officials municipality on the signed agreement, there has not being proof of transfer of skills which has taken place since the start of the work on infrastructure assets. Issue 02: Inadequate reviews of the work of consultants (ISS.83)	The accounting officer did not ensure that it enters in to the agreement with consultants which complies with the requirements of Section 5(5) (d) of Municipal Cost Containment Regulations 2019. The municipality did not perform adequate reviews of the work of consultants to confirm its accuracy before taking it and use it for preparation of financial statements. When testing compliance on use of consultants, it was discovered that when OR Tambo District Municipality entered into the agreement with Infratech to assist with implementation of infrastructure asset management plan, it did not develop and implement the consultancy reduction plan.	The accounting officer must ensure that agreements which are entered into by the municipality and consultants does included a requirement to transfer skills by consultants to the relevant officials of the municipality. The municipality must ensure that it reviews the work of consultants to ensure accuracy of the work performed by consultants and to ensure that it realizes value for money from using consultants. The accounting officer must ensure that it develops and implement consultancy reduction plans at all times.	Management will review all contracts with consultants and confirm that they are in line with the requirements of Section 5(5) of Municipal Cost Containment Regulations 2019. However, in the event of inconsistencies with section 5(5) of the Municipal Cost Containment Regulations 2019 the following should be developed per consultant contract/agreement: - A plan to effect transfer of skills by consultant to the relevant officials of a municipality - A due diligence to confirm whether the work of consultant can be reduced and be done internally. In the event that the consultancy work can be reduced, develop a plan of action to reduce the consultancy work in order to be done internally.	21 Feb 2025
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			When testing compliance on use of consultants in conjunction with testing of infrastructure assets valuation, accuracy and allocation, it was discovered that there were material misstatement on the infrastructure assets. The misstatements included: (i) Proper application of the methodology developed by the consultant which is in line with the applicable GRAP standard (GRAP 21) for reassessment of useful life of the assets (ii) Proper application of the useful lives determined as per ORTDM asset management policy (iii) Proper application of the approach for calculation of the impairment loss and reversal of impairment losses as stipulated by the methodology and GRAP 21 (iv) Proper application of useful life bands and useful life period when calculating depreciation. The municipality has engaged Infratech as a consultant to assist with implementation of infrastructure asset management plan contract through Municipal Infrastructure Grant (MIG).				
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
			The scope of work of Infratech covers tasks which were assisting in ensuring appropriate valuation, accuracy and allocation in the infrastructure assets. Issue 03: None existence and implementation of consultancy reduction plan (ISS.83) When testing compliance on use of consultants, it was discovered that when OR Tambo District Municipality entered into the agreement with Infratech to assist with implementation of infrastructure asset management plan, it did not develop and implement the consultancy reduction plan.				

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
1	ICT GOVERNANCE	Inadequate IT Governance controls (COAF 01)	IT Governance controls that make provision for the structures, policies and processes to ensure that IT supports the organisation's strategies and objectives were not adequately designed and implemented. The following control weaknesses were noted during the period under review: a) We noted that there is an approved Corporate Governance of IT Policy in place which was approved in on the 27th of June 2024 by the Municipal Manager. The Framework covers the following: - I Approval of the framework by management - I IT reporting and accountability structures - I IT governance processes - I IT compliance to relevant laws and regulations. However, the following were not covered by the Corporate Governance Framework: - I IT Controls and risk mitigation. - I Information technology strategy as part of the strategic business planning process. - I IT benefits realization processes	The lack of clear information in the IT budget for infrastructure, software licenses, external service providers, and system development limits transparency and may hinder effective resource allocation, oversight, and planning.	a) Management should update the Corporate Governance of IT Policy to include IT control measures, risk mitigation strategies, integration of IT strategy within business planning, and processes for realizing IT benefits. This will enhance risk management, support strategic alignment, and maximize the value derived from IT investments. b) The municipality management should provide a detailed IT budget breakdown covering infrastructure, software licenses, external service providers (with services specified), and system development. This will improve budget transparency, support informed decision-making, and ensure adequate funding for essential IT needs	Review IT Policy to ensure that it includes IT control measures, risk mitigation strategies	19 Feb 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
2		Inadequate IT Governance controls - Projects (COAF 01)	IT Governance controls that make provision for the structures, policies and processes to ensure that IT supports the organization's strategies and objectives were not adequately designed and implemented. The following control weaknesses were noted during the period under review: a. The Municipality the following five running 5 projects currently in the period under review: - I Supply, delivery and installation of 2 servers. - I Provision of antivirus software, Data loss prevention solution and firewall license for a period of three years. - I Provision of ICT Network infrastructure upgrade for the period of 36 months. - I Design, development and implementation, maintenance and support of the municipal website for the period on three years. - I Provision of electric content and records management system for a period of three years However, no business case was provided for the projects.	The absence of business cases for the municipality's active IT projects limits the ability to assess project justification, objectives, feasibility, and expected benefits. This lack of documentation may impact project alignment with strategic goals and hinder effective resource allocation and risk management.	a) Management should develop and implement a project management framework which will act as a guideline for the development of formal business cases for all active and future projects, detailing objectives, expected outcomes, costs, benefits, and risks. This will enhance project governance, facilitate informed decision-making, and ensure alignment with the municipality's strategic priorities.	Review the project management framework	19 Feb 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
3	ICT	Inadequate ICT Contracts. COAF 01	IT Governance controls that make provision for the structures, policies and processes to ensure that IT supports the organization's strategies and objectives were not adequately designed and implemented. The following control weaknesses were noted during the period under review: a) We reviewed the contract and service-level agreement (SLA) between the municipality and SMS ICT Choice (PTY) LTD, which was negotiated in coordination with SITA. SMS ICT Choice (PTY) LTD serves as the exclusive provider for ICT network infrastructure upgrade. According to section 7.3 shown below the contract specifies that the municipality and the service provider are to hold quarterly meetings to review service quality and address any requirements under the agreement. However, no minutes or evidence was provided that these meeting were conducted during the period under review.	Lack of intervention from the leadership of OR Tambo management to ensure adequate ICT controls were in place.	a) The municipality should ensure that quarterly meetings with SMS ICT Choice (PTY) LTD are documented, including minutes and action items, to verify compliance with the SLA and support effective service management. This documentation will provide a clear record of discussions, decisions, and follow-up actions, enhancing accountability and service oversight.	Minutes of quarterly meetings to be documented and approved. Review the SLA with ICT Choice to ensure that it is properly complied with.	Quarterly 19 Feb 2025

No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
4		Inadequate User Access Management Controls – Payday (COAF 01)	The oversight of Information Technology (IT) management failed to ensure the proper design and implementation of user access management controls within the IT environment. Consequently, several control deficiencies were identified, including: a) The requested evidence (a record of requests / list of amendments / modifications to user accounts) was not available at the Municipality during the period under review. This finding was raised in (2019/20, 2020/21, 2021/22, 2022/23 & 2023/24) financial years. b) No supporting evidence was available to confirm whether amendments or modifications to user accounts were conducted during the current review year for the Active Directory, Solar and Payday.	Lack of intervention from the IT Management to ensure adequate controls are in place for user account management.	a) IT management should implement a centralized, secure system for logging and retaining all user account modification requests and approvals. This system should include periodic reviews to ensure completeness and accuracy. Instituting a clear policy for record retention and accountability will help mitigate repeat findings and strengthen access management controls. b) The municipality should implement a documented process for tracking and verifying modifications to user accounts, ensuring that all changes are recorded and auditable. This will improve access control and support compliance with security policies.	Review/ develop ICT SOP for user account modification	19 Feb 2025

5		Inadequate Security management controls (COAF 01)	Information Technology (IT) Management had not ensured that IT security management controls had been adequately designed and implemented within the IT environment. As a result, the following control deficiencies had been noted: a) During the audit we noted that the Municipality has an approved IT Security policy. Upon review of the approved policy, we noted that the following key controls were omitted: • Security awareness and training • Additional devices with access to sensitive information has been identified and requires additional access control to access this information. • Monitoring and management of unauthorised software. (e.g. Software management process). • Monitoring and management of Remote users (e.g., employees, contractors, third parties) with access to critical systems. • Requirement for reviewing the policies, should there be changes in the environment / or based on the change in the level of risk of the entity	Lack of intervention from the IT Management to ensure adequate controls were in place.	a) The municipality should update its IT Security policy to include mandatory security training, specific access controls for sensitive devices, processes for unauthorized software management, monitoring of remote user access, and a policy review mechanism to respond to environmental or risk-level changes. These additions will strengthen security measures and improve resilience against potential threats. b) Management should implement a robust patch management process that includes regular audits and automated monitoring to ensure that all workstations are up to date with the latest security patches, thereby enhancing the overall security posture of the municipality. c) Management should establish a comprehensive security monitoring framework that	Review IT Policy to ensure that it includes IT security. Develop an ICT SOP	19 Feb 2025
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					includes regular audits, real-time alerts, and incident response protocols to ensure timely detection and response to security breaches moving forward. d) Management should develop and implement a formal data management process to identify, classify, and securely maintain sensitive information, ensuring compliance with relevant regulations and safeguarding organizational data integrity. e) Management should enhance the security awareness training program and develop a plan to include comprehensive modules by creating a training register and feedback sessions that is tailor made for different levels of staff within the municipality and ensure progress for training is tracked. f) The municipality should conduct an assessment to ensure all active workstations have antivirus		
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
					protection and evaluate the need for purchased licenses to align with actual usage. Optimizing license distribution will enhance security coverage and improve cost-effectiveness by preventing underuse of purchased resources. g) The municipality should ensure that password configurations for Solar and Payday are documented and aligned with security policies to maintain consistent access control across all systems.		

6		Inadequate IT Service Continuity controls. (COAF 01)	Information Technology (IT) Management had not ensured that IT service continuity controls were in place within the IT environment. As such, the following control deficiencies were noted: a) The Disaster Recovery Plan was signed and authorized by the Municipal Manager on December 8, 2023. However, the plan lacks sufficient detail regarding the Business Impact Analysis (BIA) to ensure alignment with the Recovery Time Objective (RTO) and Recovery Point Objective (RPO). It also does not outline daily procedures for managing system downtime or address the potential impact on service delivery	Lack of intervention from the IT Management to ensure adequate controls were in place.	a) The municipality should enhance its Disaster Recovery Plan by conducting a detailed BIA to align with RTO and RPO goals, ensuring that recovery efforts prioritize critical functions. It should also include daily procedures for managing system downtime and mitigating service delivery impacts to ensure continuity and resilience in the event of a disaster. b) Management should implement a schedule for regular DRP testing to verify the plan's effectiveness, identify potential issues, and ensure readiness for a timely recovery, thereby strengthening resilience and continuity of critical services. c) The municipality should implement a process to regularly verify and document successful backups for Solar and Payday systems. This will ensure data integrity, support timely	a) Review Disaster Recovery Plan and ensure that it is aligned with RTO and RPO goals. Develop a SOP for managing system downtime in order to minimize service delivery impact in the event of a disaster. b) Run DRP tests on a monthly bases including periodic backup restoration tests for all critical systems, including Solar, Payday, and user data. c) Perform a need analysis and due diligence in finding an offsite and/or cloud-based backup solution to ensure secure, redundant data storage. d) Develop an SOP to implement and confirm encryption protocols for all Payday backups	19 Feb 2025 Monthly 19 Feb 2025 19 Feb 2025
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					recovery, and reduce operational risks in the event of data loss. d) Management should establish an offsite or cloud-based backup solution to ensure secure, redundant data storage. Implementing automated, offsite backups will enhance data resilience and protect against localized risks, ensuring business continuity and data availability in case of emergency. e) Management should implement a schedule for periodic backup restoration tests for all critical systems, including Solar, Payday, and user data. Documenting and reviewing these tests will help verify data integrity and system recovery capabilities, ensuring business continuity in case of data loss events. f) IT management should require the service provider to implement and confirm encryption protocols		
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
					for all Payday backups. Additionally, the municipality should establish a contractual agreement to ensure regular compliance reporting on data protection measures, including encryption standards, to safeguard sensitive data in the cloud.		
7		Inadequate IT Change management controls (COAF 01)	Information Technology (IT) management had not ensured that controls had been adequately designed and implemented within the IT environment. As a result, the following control deficiencies had been noted: Information Technology (IT) management had not ensured that controls had been adequately designed and implemented within the IT environment. As a result, the following control deficiencies had been noted: a. The Municipality is currently in the process of upgrading Network Infrastructure which results in a lot of changes to the IT environment. However, no evidence was provided to justify that changes were being logged by the Municipality in the period under review	Lack of intervention from the IT Management to ensure adequate controls were in place.	a) Management should implement an automated change logging process to document all modifications made to the IT environment during the upgrade. This will ensure accountability, facilitate troubleshooting, and support effective change management	Develop an SOP on the implementation of automated change logging process	19 Feb 2025

8		Inadequate Firewall Management controls(COAF 01)	Information Technology (IT) management had not ensured that controls had been adequately designed and implemented within the IT environment for Firewall management. As a result, the following control deficiencies were noted: Information Technology (IT) management had not ensured that controls had been adequately designed and implemented within the IT environment for Firewall management. As a result, the following control deficiencies were noted: a. Upon review of the cybersecurity policy, we noted the following were not adequately defined in the policy: - I The frequency at which the ruleset is reviewed - I Firewall backup/ redundancy and recovery process - I Logical access: from where one can access the firewall, and over which channels - I Authentication: what authentication mechanisms are required to access the administrative interface. - I Accounting: Logging and monitoring requirements. - I Updating/ Upgrading requirements.	Lack of intervention from the IT Management to ensure adequate controls were in place.	a. Management should update its cybersecurity policy to clearly define rule metadata, review frequency, change management, backup and recovery processes, access authorizations, logical access, authentication methods, logging requirements, and update procedures for firewalls. This will enhance firewall security and ensure effective oversight and management. b. Management should establish formal firewall management processes, including configuration control, regular monitoring, access management, and update procedures, to strengthen network security and minimize risks. c. The municipality should update the firewall ruleset to include comprehensive details such as affected users/devices, rule addition dates, expiration dates for temporary rules, and	a) Review cybersecurity policy and develop an SOP that clearly defines rule metadata, review frequency, change management, backup and recovery processes, access authorizations, logical access, authentication methods, logging requirements, and update procedures for firewalls. b) As per the above policy review, update the firewall ruleset to include comprehensive details such as affected users/devices, rule addition dates, expiration dates for temporary rules, and the person responsible for adding each rule. c) The SOP on cybersecurity should also detail a complete firewall change management process, including risk assessments,	19 Feb 2025
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					the person responsible for adding each rule. This will enhance accountability, facilitate better rule management, and improve security oversight. d. Management should establish and document a complete firewall change management process, including risk assessments, testing procedures, deployment protocols, validation checks, and thorough documentation of changes. This will ensure that all firewall modifications are properly evaluated, tested, and tracked, enhancing security and operational integrity. e. Management should implement a backup firewall to ensure network redundancy, support continuity, and safeguard against potential disruptions from firewall failures. f. Management should establish a formal access control process for the firewall	testing procedures, deployment protocols, validation checks, and thorough documentation of changes	
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No	Section	Paragraph/ summary	Detailed Findings	Root cause	Recommendations	Action	Due Date
					administrative interface, specifying authorization protocols, access levels, and approval requirements to ensure secure and controlled access. g. Management should implement a logical access control process to ensure that access is restricted based on roles and responsibilities, and that appropriate safeguards are in place to prevent unauthorized entry into critical systems. h. OR Tambo management should provide documentation of firewall password configurations to confirm compliance with security standards. This will help ensure robust access controls and reduce vulnerability to unauthorized access.		

APPENDICES

APPENDIX A – COUNCILLORS: COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

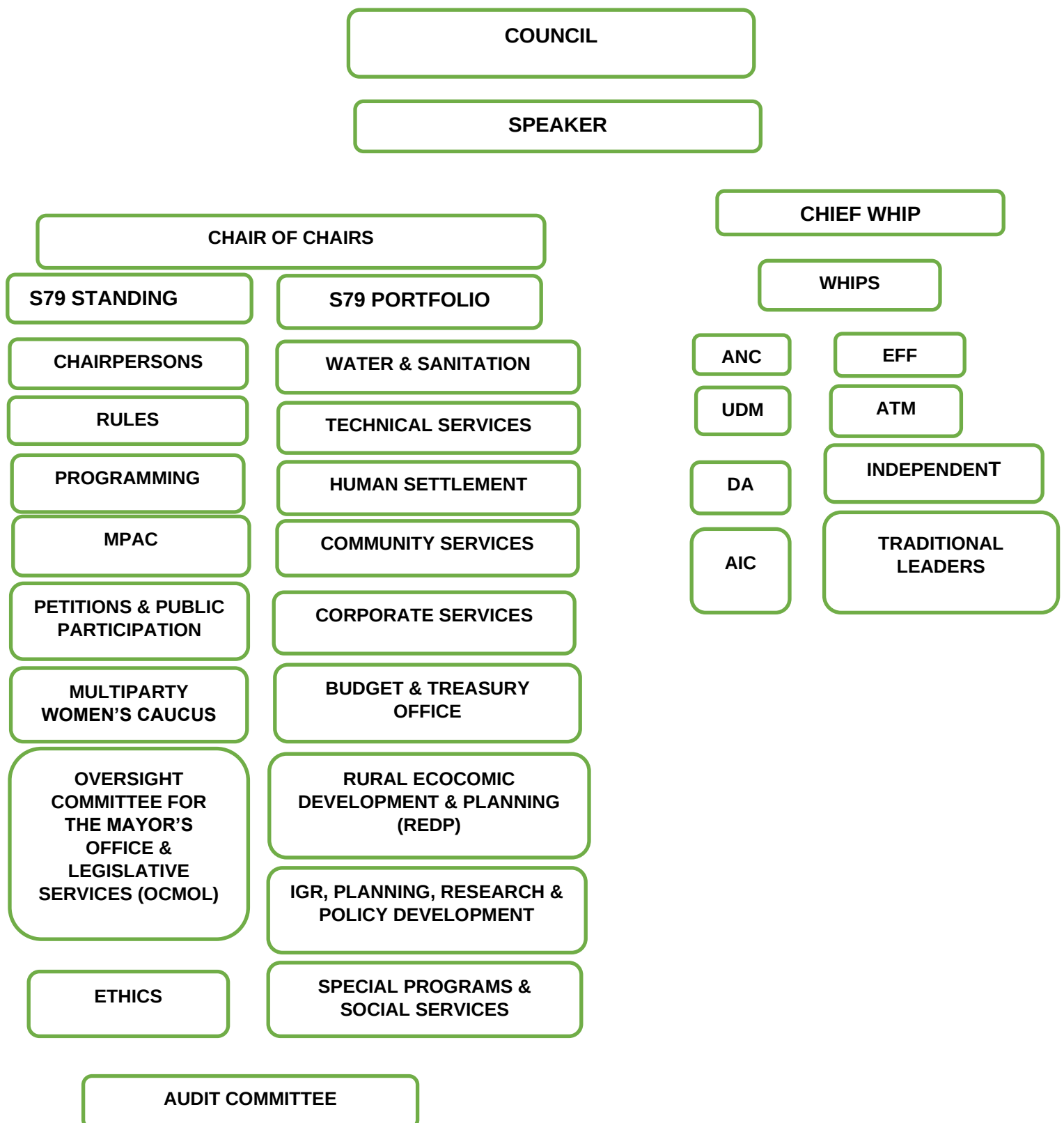
1. List of Council Members

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

No	Surname & Initial	Designation	Other
24	Dyule N.W.	CHAIRPERSON: COMMUNITY SERVICES PORTFOLIO COMMITTEE	
25	Ntshuba V.W	CHAIRPERSON: REDP PORTFOLIO COMMITTEE	
26	Njisane S.	CHAIRPERSON: IGR, PLANNING, RESEARCH AND POLICY DEVELOPMENT PORTFOLIO COMMITTEE	
27	Ncapayi V.	CHAIRPERSON: HUMAN SETTLEMENT	
28	Matanda N.P.	CHAIRPERSON: SPECIAL PROGRAMS AND SOCIAL SERVICES	
29	Tshikitshwa T.	CHAIRPERSON: TECHNICAL SERVICES PORTFOLIO COMMITTEE	
30	Badli T.	CLLR	
31	Bodoza B.	CLLR	
32	Bunzana M.	CLLR	
33	Dlani X.H.	CLLR	
34	Dudumayo B.R.	CLLR	
35	Fukula M.A.	CLLR	
36	Gcilitshana L.	CLLR	
37	Jam – Jam M.A.	CLLR	
38	Knock R.	CLLR	
39	Libazi M.	CLLR	
40	Mabhedumana B.	CLLR	
41	Makaba M.	CLLR	
42	Mapolisa Z.	CLLR	
43	Maseko M.	CLLR	
44	Matubatuba N.	CLLR	
45	Mbunjana N.	CLLR	
46	Mgquba A.	CLLR	
47	Mhlaba S.	CLLR	
48	Molakalaka L.C.	CLLR	
49	Ncolosi S.N.	CLLR	
50	Ndzumo T.	CLLR	
51	Ngxekana M.	CLLR	
52	Njovane S.	CLLR	
53	Nondaka Z.	CLLR	
54	Nonkonyana N.	CLLR	

No	Surname & Initial	Designation	Other
55	Mabasa S.	CLLR	Replaced by Cllr Ntsodo
56	Sekese A.	CLLR	
57	Sidlova	CLLR	
58	Somzana N.	CLLR	
59	Zozi Z.	CLLR	Replaced Cllr Madolo
60	Chief Mtirara M.	TRADITIONAL LEADER	
61	Chief Ndamase M.	TRADITIONAL LEADER	
62	Chief Dalasile V.	TRADITIONAL LEADER	

APPENDICE B – COMMITTEE AND COMMITTEE PURPOSES



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

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)	3.1 ROLE OF THE MPAC 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: 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. 3.2 AUTHORITY OF THE MPAC The MPAC Committee has the authority as per the SALGA recommendations: 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.

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	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. 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. 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. 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. 3.2.8 MPAC shall have direct access to internal and external auditors and may direct investigations in any matter when necessary. 3.2.9 The Committee should have permanent referral as they become available, of – (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. 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. 3.2.11 Receive technical support from the Internal Audit office.

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	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. 3.2.13. The committee must monitor the extent to which its recommendations and those of the AG are carried out. 3.2.14 The committee must invite and receive submissions from the public. 3.2.15 The committee must undertake fieldwork (i.e. oversight visits within the municipality) to get first-hand information on any municipal matters. 3.2.16 The committee must consider recommendations and reports from the Audit Committee. 3.2.17 MPAC may consider any financial reports or financial statements jointly with the Audit Committee. 3.2.18 MPAC must consider the oversight reports of the portfolio committees with regard to quarterly performance, budget expenditure and focused intervention study. 3.2.19 The committee must ensure that the municipality complies with the provisions of the King IV Report. 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. The MPAC is not authorised to: (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 councilors.

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
Members Interest Committee	(2) To develop, advise and monitor the implementation of Council's policy with regard to councilor's welfare and benefits. (3) To diligently perform its power and functions in terms of these terms of references. (4) To promote adherence to council standing orders. (5) To promote adherence to appropriate dress code for all council and committee meetings.
6. Multiparty Women's Caucus	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. 2. To engage on empowerment issues with women in political structures outside Council.
7. Petitions and Public Participation Committee	1.to encourage active involvement of communities and community organisations in the affairs of the municipality; 2.to increase the effectiveness of Public Participation in the affairs of the municipality; 3.to ensure the consideration, monitoring and tracking of petitions lodged to the municipality; 4.to ensure that timeous feedback is given to Petitioners; 5.to ensure adherence to Community Complaints and Petitions Handling Policy; Public Participation Policy; and Public Participation Strategy;
8. OCMOL	The Committee's work is based on four important goals, namely: ➤ 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 COMMITTEE STRATEGIC OBJECTIVES

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	The OCMOL Standing Committee recognized that the Strategic Objectives needed to speak to the following key areas: • Promote Good Governance • Improve Transparency • Ensure Accountability • Enhance Efficiency and Effectiveness The work of the Committee is also driven by three main Strategic Objectives (SO) along with accompanying imperatives. The strategic objectives are as follows: (a) To conduct oversight and scrutiny of the Executive and Administration to assist in the attainment of the municipality's strategic agenda. ➤ 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. ➤ 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. (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. ➤ The imperatives entail inviting relevant stakeholders (NGO's, individuals) to Committee meetings. ➤ 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. (c) Committee oversees whether the Legislature effectively and efficiently discharges its key obligation of Public Participation (Overseeing the Overseer). ➤ 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
	➤ Process: Scrutiny and analysis of reports, engaging the Public on the finding of the contents of the reports, creating a Committee report to Council (d) Enhance the capacity of the Committee to be able to execute its roles and responsibilities efficiently and effectively. ➤ The imperative entails initiating research projects on review of policies and bylaws. ➤ 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	(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. (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 – (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; (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

SECTION 79 PORTFOLIO COMMITTEES NAME	PURPOSE
	respectively and to report to Council with recommendations; (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. (5) To establish mechanisms that will enable the Committee to undertake Focused Intervention studies and Oversight visits; (6) To facilitate the participation of the public in the oversight processes of the Committee; and (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.

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

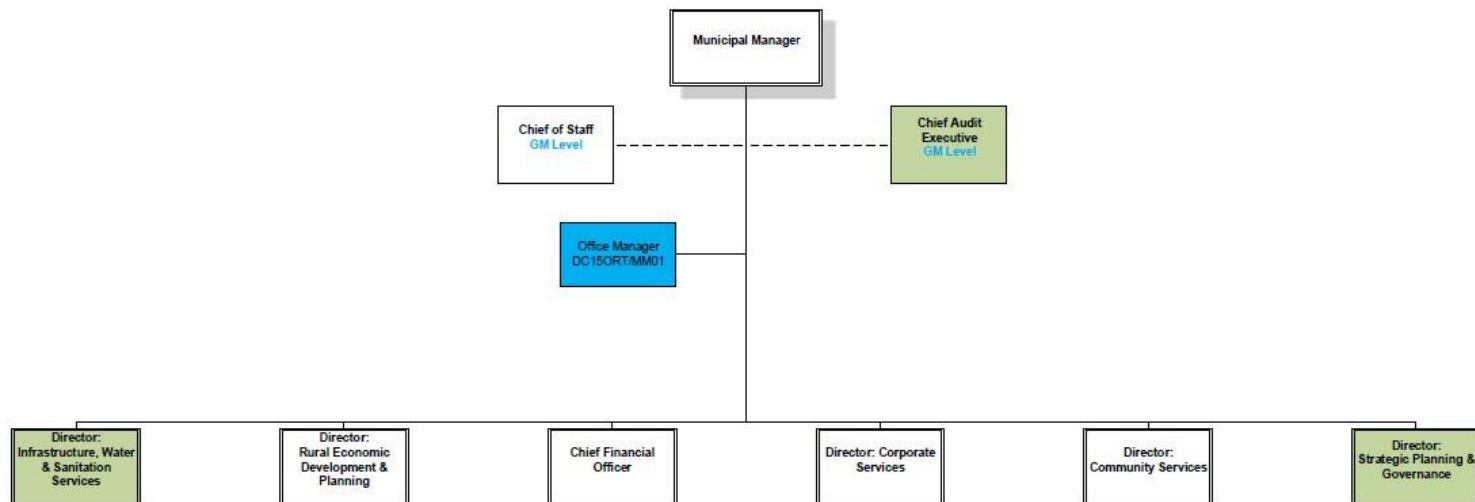
No	Surname & Initial	Designation	% Attendance for 13 Council Meet
32	Gabada P.V.	CLLR	85
33	Gcilitshana L.	CLLR	100
34	Jam – Jam M.A.	CLLR	85
35	Knock R.	CLLR	92
36	Libazi M.	CLLR	77
37	Mabhedumana B.	CLLR	69
38	Makaba M.	CLLR	77
39	Mapolisa Z.	CLLR	54
40	Maseko M.	CLLR	54
41	Matubatuba N.	CLLR	77
42	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





New Proposed Position

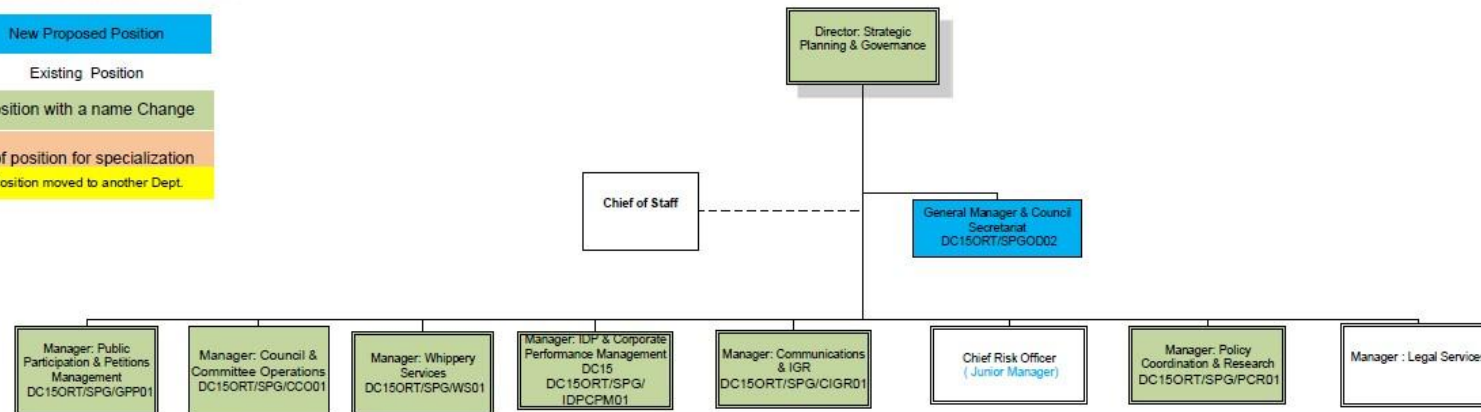
Existing Position

Position with a name Change

Split of position for specialization

Position moved to another Dept.

DIRECTORATE: STRATEGIC PLANING & GOVERNANCE





New Proposed Position

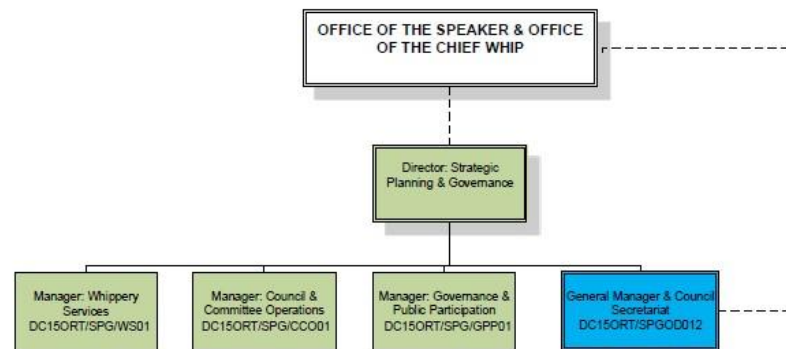
Existing Position

Position with a name Change

Split of position for specialization

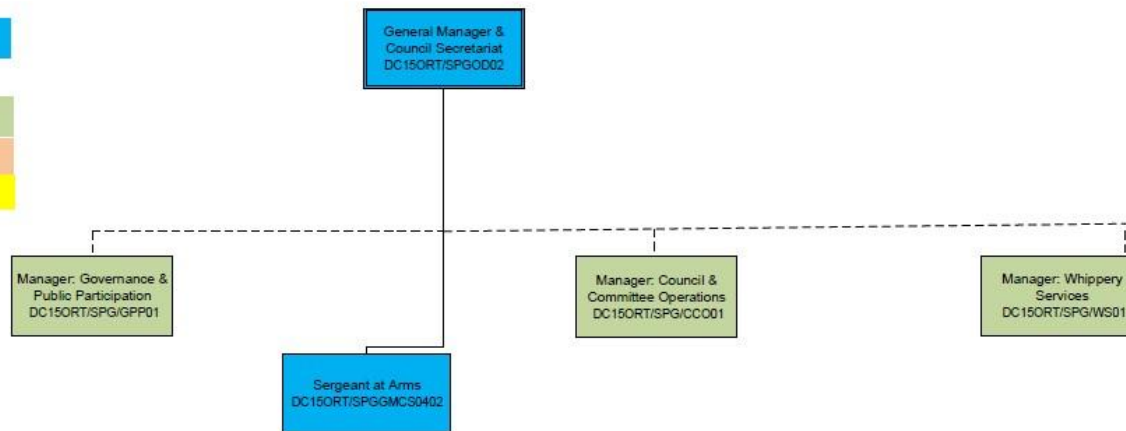
Position moved to another Dept.

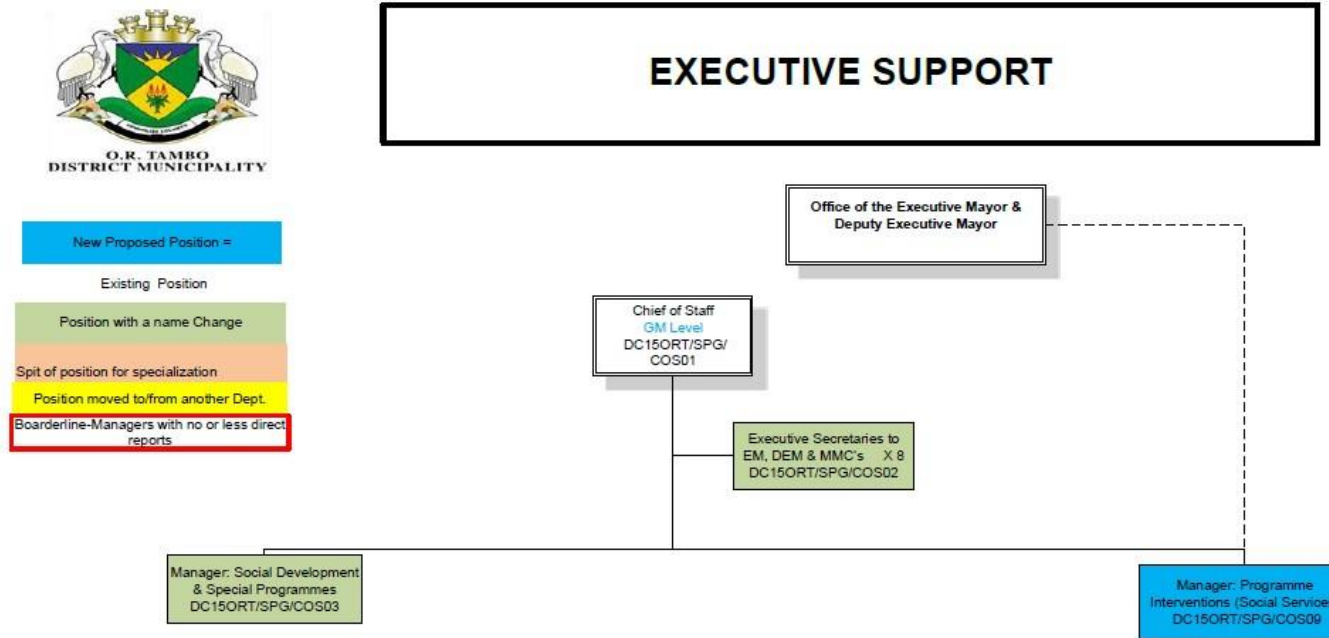
DIRECTORATE: STRATEGIC PLANING & GOVERNANCE





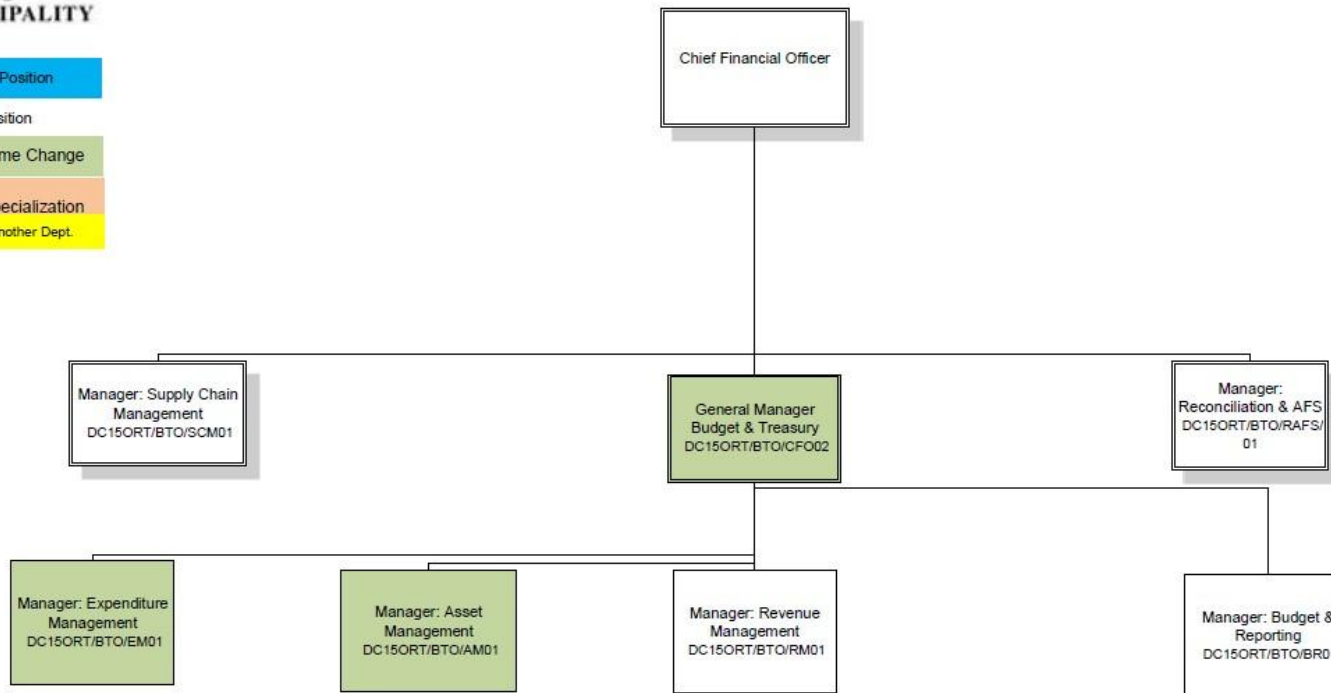
OFFICE OF THE SPEAKER & CHIEF WHIP SUPPORT







DIRECTORATE: BUGDET & TEASURY OFFICE





New Proposed Position

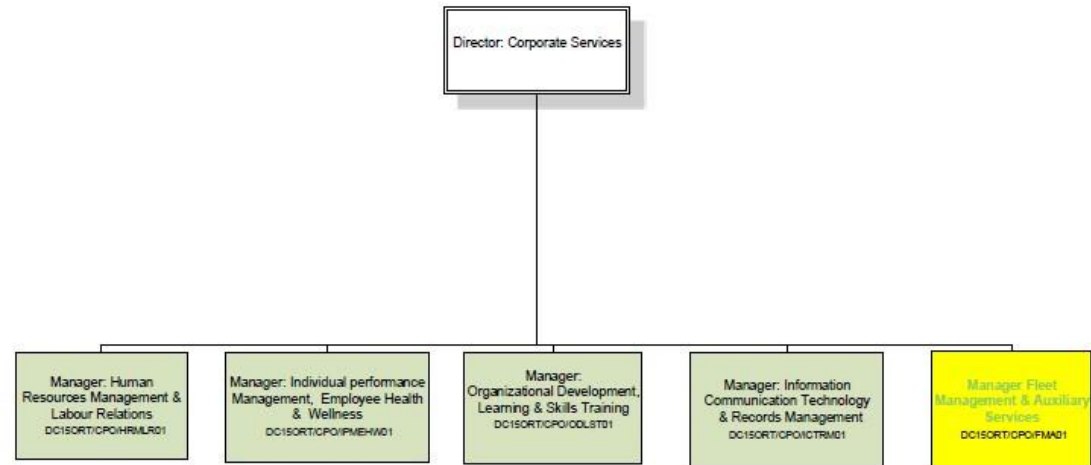
Existing Position

Position with a name Change

Split of position for specialization

Position moved to/from another Dept.

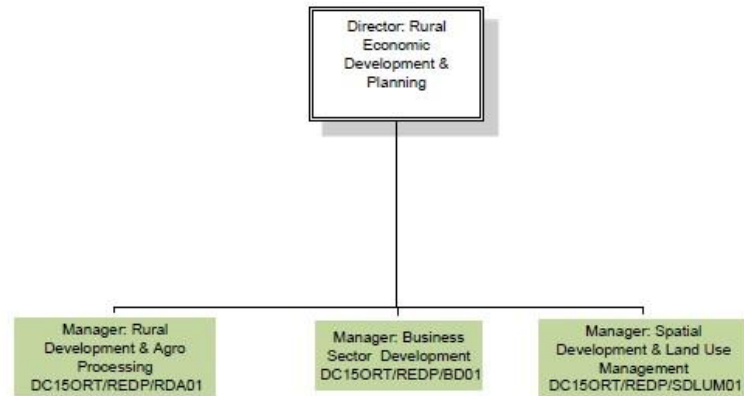
DIRECTORATE: CORPORATE SERVICES





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





New Proposed Position

Existing Position

Position with a name Change

Split of position for specialization

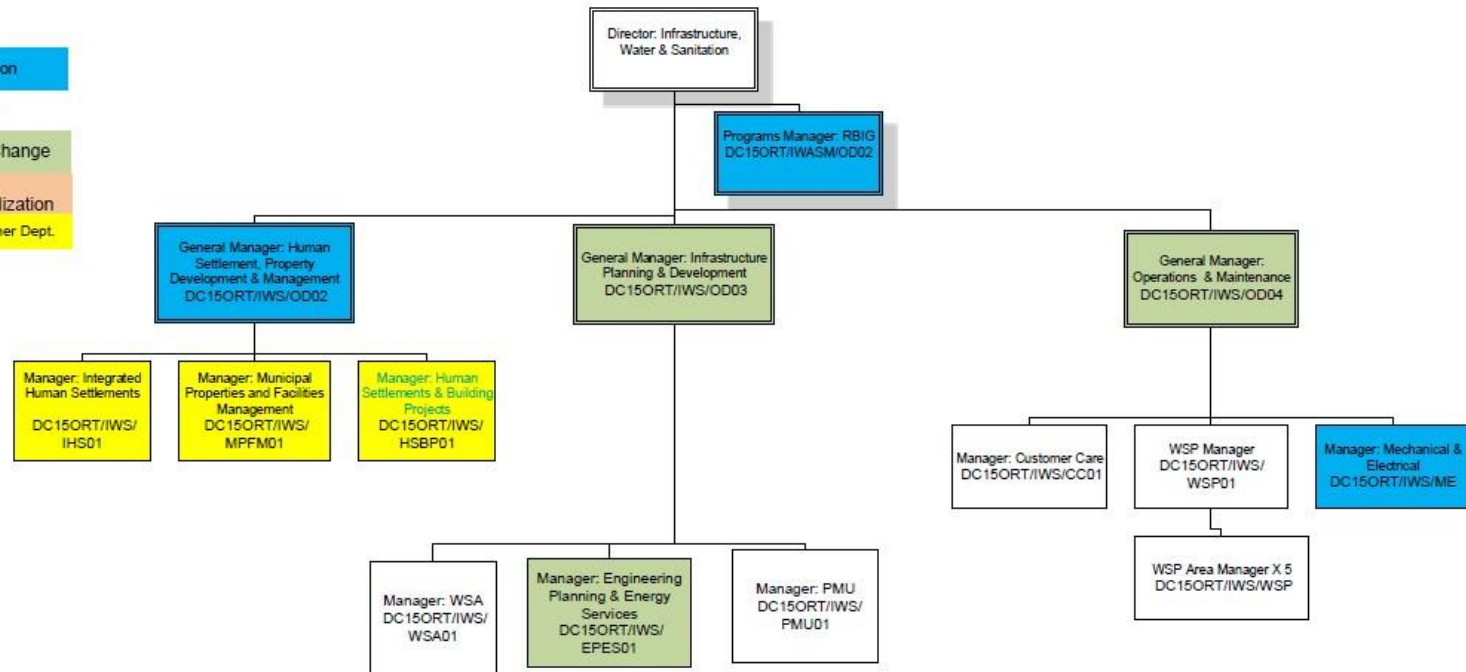
Position moved from/ to another Dept.

DIRECTORATE: COMMUNITY SERVICES





DIRECTORATE: INFRASTRUCTURE, WATER & SANITATION



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

PORT ST JOHNS LOCAL MUNICIPALITY

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	No. of wards submitted Monthly Reports to the Office of the Speaker	No. of wards with Updated Ward Profile
Quarter 01								
20	19	19	172 of 190 = 90	20 of 20	N/A	19	19	19
20	19	19	178 of 190=93	14 of 20	N/A	16	19	20
20	20	20	190 of 200 =95	14 of 20	N/A	11	20	20
Quarter 02								
20	20	20	184 of 200= 92	16 of 20	N/A	16	20	20
20	20	20	179 of 200 = 90	17 of 20	N/A	17	20	20
20	20	20	162 of 200 = 96	15 of 20	N/A	15	20	20
Quarter 03								
20	20	20	180 OF 200 = 90	15 of 20	13	27	20	20
20	20	20	175 of 200 = 88	14 of 20	48	43	20	20
20	20	20	162 of 200 =81	16 of 20	73	N/A	20	20
Quarter 04								
20	20	20	163 Of 200 = 82	08 of 20	23	19	20	20
20	20	20	192 of 200 =96	12 of 20	20	19	20	20
20	20	20	194 of 200 =97	15 of 20	19	131s	20	20

Matters Raised to Council

The matter of ward centres was tabled to the Council as an urgent matter.

Resolutions to Issues Raised to Council

The matter was reported to the District Municipality. They promised to assist with the building of temporary ward centres.

Comments:

The functionality of the Ward Committee: They are doing well in terms of sittings but in some areas like door-door and community meetings they are not doing well.

The provision of the policy that established the Ward Committees is adhered to by the Ward Committees. It speaks of good relation for the purpose of good governance.

It must be noted that the Ward Committees because they are a structure of government, it transpires that more can be done to build strong relations between Ward Committees and their government departments.

It also appears that there is no good reception between them and certain departments. There is a need for quick intervention to be done to strengthen the relationship by the local municipality.

Challenges:

The work of the Ward Committees does not have central co-ordination at the ward level. This in turn hinders their administrative work.

The Ward Committee secretaries are not elected based on quality of skill but through the political understanding. With this being said, there is a lack of quality on their report writing system and formulation.

This further escalate to their filling and bookkeeping and as it is stipulated in the guide which is the guiding tool in their working relations between the ward committees and CDWs, in certain wards CDWs are not doing well as they seldom attend ward committee meeting. Non-adherence of ward councillors to the tool that guides them on their operations is also a great problem

Service delivery

- General Port St Johns hammered by uneven access roads
- Scarcity of water in many wards
- Many areas with water don't provide water to the people
- No RDP Houses in many wards of Port St Johns
- In PSJ, the recent installed Solar system doesn't work as it experiences a lot of challenges

Recommendations:

1. Ward clerks/administrators must be employed.
2. Statutory documents (MFA, MSA, etc.) are highly recommended that they be delivered as soon as possible.
3. Establishment of Ward offices are highly in great demand in order to strengthen the co-ordination and proper recording of the administrative work of ward committees.

4. CDWs need to be encouraged and sensitized about their role as they are the civil servants of our government.
5. All councillors must be advised to work according to the tool that has been adopted
6. Paving of pathways and re-graveling
7. Maintenance of existing access roads
8. Drilling of boreholes and protection of springs as temporal measures.
9. Balancing of water tank 10 wards each
10. Non-attendance to disaster incidence in terms of implementation or assistance

MHLONTLO LOCAL MUNICIPALITY

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
Quarter 01								
26	26	20	160 of 260= 61 %	15 of 23= 65%	None	-	20	26
		17	160 of 260= 61%	06of 23 = 26 %	None	-	17	
		16	127 of 260= 49%	10of 23 = 43 %	None	-	16	
Quarter 02								
26	26	08	70 of 260 = 27 %	08of 23 = 37 %	None	-	08	26
		08	48of 260 = 18%	06of 23= 26%	None	-	08	
		10	17 of 260 = 6 %	08of 26 = 37 %	None	-	10	
Quarter 03								
26	26	20	150 of 260= 58%	12 of 23= 52 %	None	-	20	26
		17	120 of 260= 46%	07 of 23= 30 %	None	-	17	
		14	150 of 260= 58%	18 of 23= 78%	None	-	14	
Quarter 04								
26	26	20	160 of 260= 61 %	15 of 23= 65%	None	-	20	26
		17	160 of 260= 61%	06of 23 = 26 %	None	-	17	
		16	127 of 260= 49%	10of 23 = 43 %	None	-	16	

Quarter one

Narrative report

As July is first month of Municipal Financial year, all Ward Councillors were reminded about Ward Committee meeting schedules, Ward Profile.

Recommendations

Follow-up at all times, as this none submitting of Schedules affect monitoring system of the Speakers Office

Quarter two

Narrative report

The ward committee sittings are improving in this quarter.

Quarter three

Narrative Report

- No community meetings were held in this quarter
- Ward Profile have been submitted by all wards

Recommendations

- Encourage ward councillors to submit schedules for the sitting of ward committee meeting
- Encourage ward councillors to submit ward committee meeting reports to the Speaker's Office
- Encourage and promote the conduction of Door-to-door campaigns

Stakeholders

The traditional leaders in Council who also represent various traditional Councils also ensure clear accountability and adherence to legislation as well as communicating the interests of the community members.

There are also Moral Regeneration Movement structures which are the amalgamated of various stakeholders across the district to assist government in reviving the values, morals and condemn social ills in the society. Their effort is to ensure that there is a conducive environment for government to implement the intended objectives with no hindrances.

KING SABATA DALINDYEBO LOCAL MUNICIPALITY

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	Updated Ward Profile
Quarter 01								
37	37	37	355 of 364= 98%	25 of 37= 68%	None	37	37	None
		37	356 of 364= 98%	27of37 = 73%	None	37	37	
		37	349of 354= 96%	29of 37 = 78%	None	37	37	
Quarter 02								
37	37	37	350 of 364 =96%	27of 37 = 73%	None	37	37	19
		37	351 of 364 =96%	26of 37= 70%	None	37	37	
		37	344 of 364 =95%	26 of37 = 70%	None	37	37	
Quarter 03								
37	37	345 of 357= 97%	33 of 34= 97%	None	37	37	34	
	37	345 of 358= 96%	24 of 33= 72%	None	37	37		
	37	348 of 364= 96%	24 of 33= 72%	None	37	37		
Quarter 04								
37	37	346 of 350= 99%	21 of 33= 64%	None	37	37	34	
	37	350 of 358= 98%	24 of 33= 72%	None	37	37	34	
	37	347 of 359= 97%	22 of 33= 67 5	None	37	37	34	

Reports

- Infrastructure: Water Related issues
- Ward 6: it was reported that in ward there are water meters that are not repaired leading to water loss;
 - There are continuous water outages
 - There is sewage spillage at Park Homes
 - There is a request for toilets at kwaMpuku informal settlement.
- Ward 11 it was reported that there is a concern about a leaking water reservoir at Marhambeni, the water that is leaking is causing damages to nearby houses
- Ward 01 it was reported that –
 - the constant problem is sewage spillages;
 - Water pipes burst are also a recurring problem as most of the pipes especially at Kwezi due to old pipe lines
 - Toilets at both Nonkobe and Silverton are being erected at the projects are in progress
 - Water project at Orange Groove is also in progress
- Ward 07 it was reported that;
 - At house number 04 Mswakeli street at Mbuqe park there is a water leakage that is destroying a household fence and has been reported to the District Municipality
 - There is sewage spillage at both Boundary street and Tudor Ndamase streets
- There is sewage spillage at Madeira street next to Inkspot
 - There is always water spillage behind plaza at place called Cement
 - Mabovula street there are houses that are without water
 - It was reported also that the response time of O.R Tambo District on water and sewage spillages is not timeous,
 - It should be noted that when these reports are being made some of them are already being attended to by the District Municipality
- Other notable issues raised on infrastructure are mainly the competence of the local Municipality like street lights, inaccessible streets, crime, Waste dumping and RDP houses

NYANDENI LOCAL MUNICIPALITY

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 Update d Ward Profile
Quarter 1									
32	32	32	317 of 320= 99%	22 of 26 =84%	Nil	Nil	35 of 293	32	32
		32	312 of 320 = 97%	17 of 26 = 65%	Nil	Nil	44 of 293	32	
		32	315 of 320 = 98%	21 of 26 = 80%	Nil	Nil	29 of 293	32	
Quarter 2									
32	32	32	317 of 320= 99%	22 of 26 =84%	Nil	Nil	35 of 293	32	32
		32	312 of 320 = 97%	17 of 26 = 65%	Nil	Nil	44 of 293	32	
		32	315 of 320 = 98%	21 of 26 = 80%	Nil	Nil	29 of 293	32	
Quarter 3									
32	32	32	317 of 320= 99%	22 of 26 =84%	Nil	Nil	35 of 293	32	32
		32	312 of 320 = 97%	17 of 26 = 65%	Nil	Nil	44 of 293	32	
		32	315 of 320 = 98%	21 of 26 = 80%	Nil	Nil	29 of 293	32	
Quarter 4									

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	317 of 320 = 99%	22 of 26 = 84%	Nil	Nil	35 of 293	32	32
		32	312 of 320 = 97%	17 of 26 = 65%	Nil	Nil	44 of 293	32	
		32	315 of 320 = 98%	21 of 26 = 80%	Nil	Nil	29 of 293	32	

Comments:

1. Improvements of attendance of CDWs
2. Three wards have vacancies of CDWs 14, 32, & 08
3. There are no issues that are raised in the Council from ward level.

Challenges:

- Encourage CDWs to attend the ward committee sittings
- Most of wards does not conduct ward Community meetings.
- encourage all wards to conduct door to door to their wards

INGQUZA HILL LOCAL MUNICIPALITY

Ingquza Hill Local Municipality	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
Quarter 1	32	32	32	264 of 320 = 82%	13 of 23=56%	Nil	Nil	32	Nil
			32	269 of 320 = 84%	15 of 23=65%	Nil	Nil	32	
			32	263 of 320 = 81%	15 of 23=65%	NIL	Nil	32	
Quarter 2	32	32	32	272 of 320 = 85%	16 of 23=69%	Nil	Nil	32	Nil
			29	215 of 320 = 67%	14 of 23= 60%	Nil	Nil	29	
			27	195 of 320 = 60%	12 of 23= 52%	Nil	Nil	27	
Quarter 3	32	32	29	213 of 320=66%	13 of 23 = 56%	Nil	Nil	29	Nil
			30	223 of 320 =69%	17 of 23 = 73%	Nil	Nil	30	
			28	206 of 320=64%	19 of 23 = 82%	Nil	Nil	28	
Quarter 4	32	32	17	141 of 320= 44%	9 of 23 = 39%	32	32	17	Nil
	32	32	10	84 of 320 = 26%	6 of 23 = 26%	32	32	10	
	32	32	16	131 of 320 = 40%	6 of 23 = 26%	32	32	16	

Challenges

- There are new households that are in need of electricity and toilets
- The access roads are in a very bad condition
- There are many toilets that are full so much that they are not usable
- There is a high rate of gender based violence
- There is a very high rate of unemployment
- The crime rate is very high
- There are areas that have no access to clean water
- There are areas that are far from the clinics and the mobile clinic do visit those areas but not consistently even 3 months pass without going to those villages and there are villages that don't have the mobile clinic service at all
- There are households who have houses that are in a very bad condition that they can fall at any day
- There are five Pre Schools that are not funded at ward 11
- There are homeless people that have not yet been attended to
- Nzaka and Maqanyeni bridges are not in good condition
- Mxhokozweni village still has a mud school
- Playing grounds are not in good condition both for soccer and netball
- There are temporary shelters that are not in good condition they are leaking when raining
- There is a mother who got disabled and in a wheel chair after she had been built the toilet for normal people and now she cannot access the toilet, she is requesting the toilet that is suitable for her condition
- There are kids whom their mother refused to take her kids to Home Affairs for the application of Birth Certificates.

APPENDIX G – REPORT OF THE MUNICIPAL AUDIT COMMITTEE

OR TAMBO DISTRICT MUNICIPALITY

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2024

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 2024.

2. AUDIT COMMITTEE MEMBERSHIP, QUALIFICATIONS & ATTENDANCE

During the 2023/24 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.	5
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.	3
Mr M. Msiwa*	B. Sc (Civil Eng), MBL	3
Ms N. Ngxisho*	National Dip CMA, Practical Project Management, Postgraduate Dip in Management, MBA	3
Ms T. Bacela**	National Dip Internal Audit, B. Com, Post graduate monitoring & evaluation	3
Ms W. Dukuza**	B. Proc, Admission as attorney, MBA	3
Mr M. Phesa**	PGD. Management, M. Eng Civil	3

* Members term ended on 31 October 2023

** Members appointed with effect from 1 November 2023

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 2023/24 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 not fully effective during the year under review.

5. ANNUAL FINANCIAL STATEMENTS AND DRAFT ANNUAL REPORT

The activities of the AC included the following:

- Reviewed and discussed the unaudited and audited Annual Financial Statements (AFS) for the 2023/24 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 draft Annual Report (AR), including the Annual Performance Report (APR) and reviewed the audited APR for the 2023/24 financial year.

Following the review of the unaudited AFS and AR, the Committee resolved that they be recommended for submission to the Auditor General South Africa for auditing, subject to dealing with all matters raised by Internal Audit, the AC, Treasury and other stakeholders. Due to the fact that internal controls and processes were not fully effective during the year under review the Committee could not provide assurance that the documents were free from material misstatements.

6. INTERNAL AUDIT

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

- Reviewed the effectiveness and adequacy of the IA services and adequacy of its annual work plan.
- Considered whether the independence, objectives, organisation, staffing plans, financial budget, audit plans and standing of the IA function provide adequate support to enable the committee to meet its objectives.
- Reviewed the results of the work performed by the IA 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 IA function and the external auditors.
- Monitored the implementation of actions to deal with control weaknesses identified in IA 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 IA Function and commends IA for the efforts made towards completion of the Operational Risk-based Audit Plan for the year. The National Treasury completed a quality assessment review of IA during the previous financial year and the AC is monitoring the implementation of actions to deal with findings raised.

7. RISK MANAGEMENT AND OTHER MATTERS

Progress has been made in the area of risk management and ICT Governance with independent Chairpersons being in place for both the Risk Management Committee and ICT Steering Committee for the 2023/24 financial year. Certain capacity challenges have been experienced in both these areas and there are certain

infrastructure challenges in the area of ICT. It is encouraging to report that an independent service provider responsible for receiving calls from Whistleblowers has been appointed to handle the Fraud Hotline. The Committee is committed to support / assist the municipality in these and other areas where improvement is required.

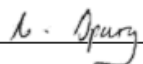
8. EXTERNAL AUDIT

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 2024.

During the previous year, the municipality achieved an unqualified audit opinion for the first time and the AC commends the municipality for maintaining the unqualified opinion in the current year. 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
December 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)

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 Sabisa T.	17 August 2023	Nothing to declare
2. Cllr Gcingca N.	13 July 2023	Nothing to declare
3. Cllr Dywili N.	13 July 2023	Nothing to declare
4. Cllr Gcilitchana L	10 July 2023	Nothing to declare
5. Cllr Mtuku N.	10 July 2023	Nothing to declare
6. Cllr Matubatuba N.	17 July 2023	Nothing to declare
7. Cllr Dambuza M.B.	17 July 2023	Nothing to declare
8. Cllr Knock R.	17 July 2023	Nothing to declare
9. Cllr Ncapayi N.	10 July 2023	Nothing to declare
10. Cllr Mdledle N.	04 July 2023	Nothing to declare
11. Cllr Ntshuba V.W.	13 July 2023	Nothing to declare
12. Cllr Sokanyile T.	23 July 2023	Nothing to declare
13. Cllr Tokwana C.S.	04 July 2023	Nothing to declare
14. Cllr Zondani V.B.	12 July 2023	Nothing to declare
15. Cllr Gabada P.	17 July 2023	Nothing to declare
16. Cllr Mhlaba S.	17 August 2023	Nothing to declare
17. Cllr Ndabeni M.	17 August 2023	Nothing to declare
18. Cllr Cwecwe N.	31 January 2024	Property Hombe A/A - Lusikisiki
19. Cllr Mabasa S.	06 February 2024	Property Malizole Slovo , Ngolo - Mthatha
20. Cllr Mapolisa Z.	29 August 2023	Nothing to declare
21. Cllr Mbunjana N	04 July 2023	Nothing to declare
22. Cllr Makaba M	17 August 2023	Nothing to declare
23. Nkosi Dalasile V.	17 August 2023	Nothing to declare
24. Cllr Libazi M.	29 August 2023	Nothing to declare
25. Cllr Dyule N.W.	25 October 2023	• Luhlombo Trading Enterprise • Oyingcwele Multi-Purpose Primary Co operative
26. Cllr Ngqondwana M.D.	12 July 2023	Nothing to declare
27. Cllr Mbhede B.	26 October 2023	• Partnership Producing Aluminium Windows and Doors – not registered depending on the profit made
28. Cllr Molakalaka L.C.	04 July 2023	Nothing to declare
29. Cllr Badli T.	25 August 2023	Nothing to declare
30. Cllr Bodoza B.	17 August 2023	Nothing to declare
31. Cllr Bunzana M.	17 August 2023	Nothing to declare
32. Cllr Dlane X.H.	24 July 2023	Nothing to declare
33. Cllr Giyose R.M.	11 July 2023	Nothing to declare
34. Cllr Jacob U.	16 August 2023	Nothing to declare

INITIAL & SURNAME	DATE OF DECLARATION	DECLARATION OF INTERESTS
35. Cllr Jam – Jam M.	04 July 2023	Nothing to declare
36. Cllr Matanda N.	23 August 2023	Nothing to declare
37. Cllr Maseko M.	17 August 2023	Nothing to declare
38. Cllr Mggquba A.	11 July 2023	Nothing to declare
39. Nkosi Mtirara B.P.	17 August 2023	Nothing to declare
40. Cllr Ncolosi S.	05 July 2023	Nothing to declare
41. Cllr Ndzumo T.	11 August 2023	Nothing to declare
42. Cllr Sekese A.	04 July 2023	Nothing to declare
43. Cllr Ngqongwa N.	15 July 2023	• 29 – Stock exchange dependant shares – R16850 – Vunani Securities • Sawimih – Shares – R500 • Lelethu energy group – SA30-empowerment group – depending on markets • Monthly payment child - R2500 (monthly) • Monthly payment child – R2000 (monthly) • House Southernwood 1200 M2 • Plot Rural Mthatha 50 x 50 m2 • Dwelling Ngcobo 1000 x 1000 m2 • Cllrs Pension fund – Private • House Cape Town – 1000 m2 • Apartment Cape Town – 800 m2
44. Cllr Nonkonyana N.	29 August 2023	Nothing to declare
45. Cllr Nondaka Z.	29 August 2023	Nothing to declare
46. Cllr Ntsodo Z.E.	25 August 2023	• Chairperson – Simunye Cooperative • Chairperson –Ezweni Multi-Purpose Enterprise
47. Cllr Njisane S.	11 July 2023	Nothing to declare
48. Cllr Njovane S.	04 July 2023	Nothing to declare
49. Cllr Socikwa Y.V.	23 August 2023	Nothing to declare
50. Cllr Sidlova N.G.	23 August 2023	Nothing to declare
51. Cllr Somzana N.	17 August 2023	Nothing to declare
52. Cllr Tshotho G.	04 July 2023	Nothing to declare
53. Cllr Tshikitshwa T.	25 July 2023	Nothing to declare
54. Cllr Vava K.	04 July 2023	Nothing to declare
55. Cllr Vanda N.	23 August 2023	Nothing to declare
56. Cllr Zozi Z	21 August 2023	Nothing to declare

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

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance
Statement of Financial Performance					
Revenue By Source					
Service charges	411,141,658	-	411,141,658	314,065,234	(97,076,424)
Rental of fixed assets	40,000	1,460,000	1,500,000	253,219	(1,246,781)
Interest earned - external investments	30,000,000	10,500,000	40,500,000	62,630,942	22,130,942
Interest earned - outstanding debtors	22,030,000	200,000	22,230,000	43,705,015	21,475,015
Other revenue	167,296,794	(6,829,467)	160,467,327	36,189,841	(124,277,486)
Transfers and subsidies - Operational	1,182,672,216	3,337,391	1,186,009,607	1,132,573,713	(53,435,894)
Total Revenue (excluding capital transfers and contributions)	1,813,180,668	8,667,924	1,821,848,592	1,589,417,964	

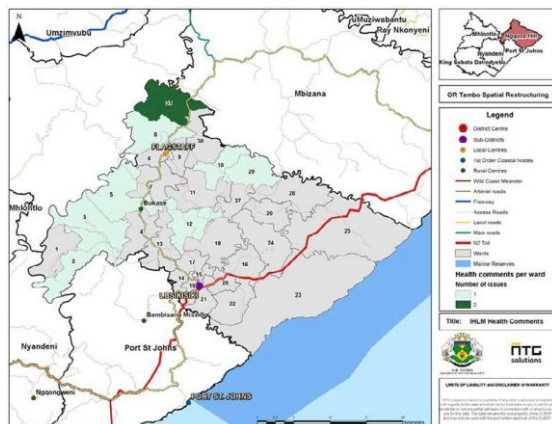
APPENDIX L- CONDITIONAL GRANTS RECEIVED (EXCLUDING MIG)

Grant Name	Grant Allocation	Grants Received
Operating Grants		
Finance Management Grant	2,000,000	2,000,000
EPWP	4,767,000	4,767,000
Capital Grants		
Municipal Infrastructure Grant	713,603,000	713,603,000
Water Services Infrastructure Grant	72,000,000	72,000,000
Regional Bulk Infrastructure Grant	120,700,000	120,700,000
Rural Roads Management System	3,155,000	3,155,000
Emergency Municipal Housing Grant	182,152,557	85,229,350

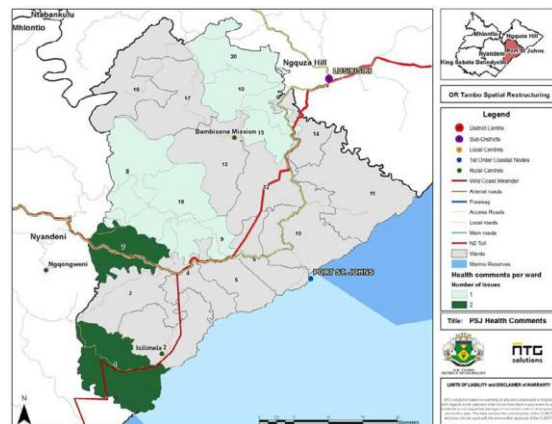
**APPENDIX M, N & O - CAPITAL EXPENDITURE: NEW & UPGRADE RENEWAL
PROGRAMMES: INCLUDING MIG & NEW**

Health

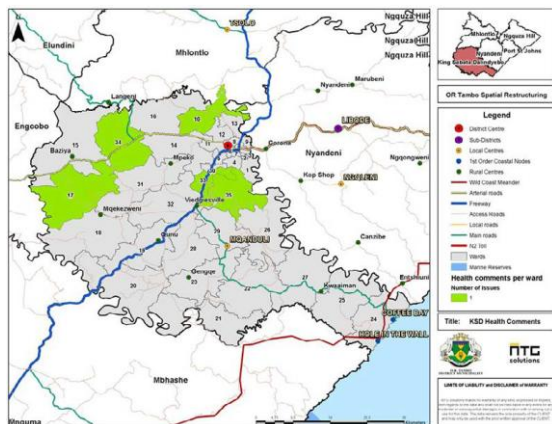
Ingquza Hill LM



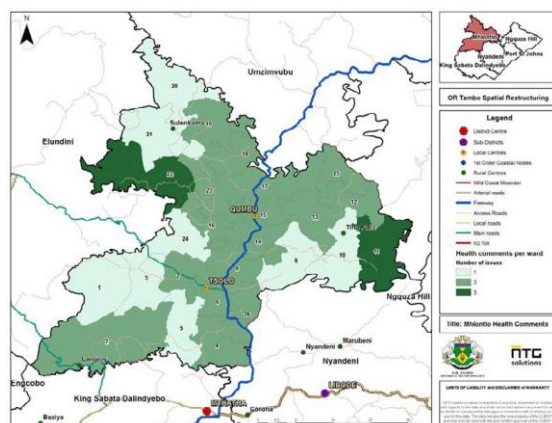
Port St Johns LM



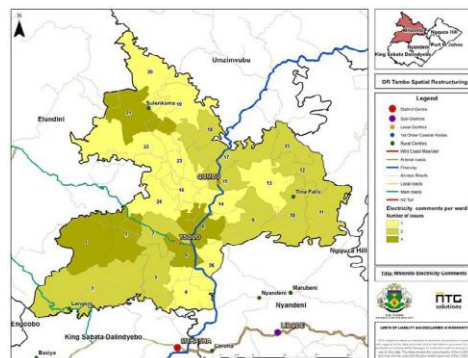
King Sabata Dalindyebo LM



Mhlontlo LM



Ingquza Hill 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

Members of the council

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 2024

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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 2024/2025 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 76 which have been prepared on the going concern basis, were approved on 30 September 2024.



B.P. MASE
MUNICIPAL MANAGER
30 SEPTEMBER 2024

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Statement of Financial Position as at 30 June 2024		Economic Entity		Controlling Entity	
Figures in Rand	Note(s)	2024	2023	2024	2023
			Restated*		Restated*
CURRENT ASSETS					
Inventories	2	13,121,670	14,177,965	12,251,492	11,844,282
Receivables from Exchange Transactions	3	199,665,705	160,736,097	199,008,132	159,006,626
Receivables from Non-exchange Transactions	4	18,863,108	1,086,103	18,812,084	1,039,702
Prepayments	5	507,022	795,287	247,614	535,979
Statutory Receivables	6	38,916,684	52,160,461	38,653,684	52,160,461
Cash and Cash Equivalents	7	475,191,586	467,849,700	468,035,695	454,155,458
		746,265,775	696,805,713	737,008,701	688,742,508
NON-CURRENT ASSETS					
Property, Plant and Equipment	8	8,387,194,330	8,155,283,627	8,343,355,952	8,107,344,476
Intangible Assets	9	245,501	436,162	211,952	317,927
Heritage Assets	10	247,025	247,025	247,025	247,025
Biological Assets	11	15,653,460	13,732,164	-	-
		8,403,340,316	8,169,698,978	8,343,814,929	8,107,909,428
TOTAL ASSETS		9,149,606,091	8,866,504,690	9,080,823,630	8,796,651,936
CURRENT LIABILITIES					
Consumer Deposits	12	4,081,243	3,648,876	4,081,243	3,648,876
Employee Benefit Liabilities	13	83,388,934	85,004,213	77,779,285	80,007,890
Payables from Exchange Transactions	14	344,525,627	416,929,847	337,984,914	410,208,432
Payables from Non-exchange Transactions	15	44,647,977	46,185,324	44,201,002	45,738,352
Unspent Conditional Grants and Receipts	16	-	111,991,050	-	111,991,050
VAT Payable	17	11,937,280	14,832,454	-	-
Current Portion of Finance Lease Liabilities	18	2,036,643	3,433,045	1,804,511	3,342,973
		490,617,704	682,024,809	465,850,955	654,937,573
NON-CURRENT LIABILITIES					
Finance Lease Liabilities	18	1,016,146	2,651,065	641,507	2,446,018
Employee Benefit Liabilities	19	109,388,000	95,806,000	109,388,000	95,806,000
		110,404,146	98,457,065	110,029,507	98,252,018
TOTAL LIABILITIES		601,021,850	780,481,874	575,880,462	753,189,591
Net Assets		8,548,584,241	8,086,022,816	8,504,943,168	8,043,462,345
Accumulated surplus / (Deficit)					
	20	8,530,606,783	8,068,045,358	8,486,965,710	8,025,484,887
Revaluation Surplus	21	17,977,458	17,977,458	17,977,458	17,977,458.00
		8,548,584,241	8,086,022,816	8,504,943,168	8,043,462,345

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Statement of Financial Performance		Economic Entity		Controlling Entity	
Figures in Rand	Note(s)	2024	2023	2024	2023
			Restated*		Restated*
REVENUE					
Revenue from Exchange Transactions					
Service Charges	22	314,065,234	288,341,300	314,065,234	288,341,300
Rental of Facilities and Equipment	23	253,219	243,739	-	739
Interest Earned - External Investments	24	62,630,942	40,196,276	62,036,392	40,004,182
Interest Earned - Outstanding Debtors	24	43,705,015	41,602,138	43,705,015	41,602,138
Operational revenue	25	21,464,372	12,479,615	886,753	1,026,745
Income from Agency Services	26	223,956	251,348	145,773	176,050
Total revenue from exchange transactions		442,342,738	383,114,416	420,839,167	371,151,154
Revenue from Non-exchange Transactions					
Transfer revenue					
Transfers and Subsidies Received	27	2,042,031,713	1,831,280,743	2,041,757,614	1,831,280,743
Total revenue from non-exchange transactions		2,042,031,713	1,831,280,743	2,041,757,614	1,831,280,743
Total revenue		2,484,374,451	2,214,395,159	2,462,596,781	2,202,431,897
EXPENDITURE					
Employee Related Costs	28	(719,310,937)	(690,657,894)	(675,897,439)	(650,568,520)
Remuneration of Councillors and Board Members	29	(22,725,295)	(20,895,674)	(21,374,274)	(19,783,425)
Depreciation and Amortisation	30	(339,933,762)	(214,757,885)	(336,010,435)	(209,984,123)
Impairment Losses	31	(154,027,405)	(172,169,199)	(152,698,668)	(172,127,448)
Bad Debts Written off	32	(292,323)	(41,887,906)	(292,323)	(41,887,906)
Finance Costs	33	(15,941,556)	(26,443,670)	(15,234,428)	(25,255,975)
Contracted Services	34	(156,935,418)	(177,085,989)	(148,522,392)	(167,222,021)
Transfers and Subsidies	35	(295,594,381)	(147,510,755)	(351,545,343)	(202,322,063)
Inventory Consumed	36	(81,143,775)	(57,995,056)	(79,769,495)	(47,901,079)
Inventory Losses	37	(31,733,715)	(32,953,428)	(31,733,715)	(32,953,428)
Operational Costs	38	(199,835,035)	(169,172,507)	(176,909,484)	(163,112,604)
Total expenditure		(2,017,473,402)	(1,751,729,963)	(1,989,987,996)	(1,733,128,592)
Operating surplus		466,900,849	462,665,196	472,608,785	469,303,305
Gains / (Losses) on Disposal of Property, Plant and Equip					
Reversal of Impairment	39	(18,190,736)	7,043	(18,197,051)	(2,208)
Actuarial Gain / (Loss)	40	4,468,088	7,026,055	4,468,088	6,723,467
Gains / (Losses) on disposal of Biological Assets	41	2,601,000	75,274,000	2,601,000	75,274,000
Biological Assets - Gains		3,118,679	1,568,086	-	-
Biological Assets - Losses		4,313,746	374,374	-	-
		(650,200)	(381,000)	-	-
		(4,339,423)	83,868,558	(11,127,963)	81,995,259
Income tax		-	-	-	-
Surplus for the year		462,561,425	546,533,754	461,480,822	551,298,564

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated surplus	Revaluation surplus	Total net assets
Economic Entity				
Balance at 01 July 2022		7,381,977,116		7,381,977,116
Correction of errors	47	139,534,488		139,534,488
Restated* Balance at 01 July 2022		7,521,511,604	-	7,521,511,604
Restated* Surplus for the year		546,533,754	17,977,458	564,511,212
Audited Surplus for the year	47	573,531,064	17,977,458	591,508,522
Correction of errors	47	(26,997,310)	-	(26,997,310)
Restated* Balance at 30 June 2023		8,068,045,358	17,977,458	8,086,022,816
Surplus for the year		462,561,425	-	462,561,425
Increase in Revaluation Surplus		-	-	-
Balance at 30 June 2024		8,530,606,783	17,977,458	8,548,584,241

Controlling Entity

Balance at 01 July 2022		7,323,143,139	-	7,323,143,139
Correction of errors	47	151,043,184	-	151,043,184
Restated* Balance at 01 July 2022		7,474,186,323	-	7,474,186,323
Restated* Surplus for the year		551,298,564	17,977,458	569,276,022
Audited Surplus for the year	47	578,295,874	17,977,458	596,273,332
Correction of errors	47	(26,997,310)	-	(26,997,310)
Restated* Balance at 30 June 2023		8,025,484,887	17,977,458	8,043,462,345
Surplus for the year		461,480,822	-	461,480,822
Increase in Revaluation Surplus		-	-	-
Balance at 30 June 2023		8,486,965,709	17,977,458	8,504,943,167

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

	Economic Entity		Controlling Entity	
Figures in Rand	2024	2023	2024	2023
		Restated*		Restated*
Cash flows from operating activities				
Receipts				
Service Charges	192,681,714	203,684,465	192,681,714	203,684,465
Interest Income	69,149,026	57,780,406	68,554,476	57,588,312
Operational receipts	23,178,187	11,644,441	1,464,892	1,540,258
Transfers and subsidies	2,049,958,961	1,752,385,510	1,930,054,929	1,754,812,242
	<u>2,334,967,889</u>	<u>2,025,494,822</u>	<u>2,192,756,011</u>	<u>2,017,625,277</u>
Payments				
Employee related costs	(715,582,656)	(705,137,254)	(672,599,329)	(662,766,756)
Remuneration of Councillors	(21,374,274)	(19,783,425)	(21,374,274)	(19,783,425)
Finance Costs	(4,073,556)	(6,659,670)	(3,366,428)	(5,271,975)
Suppliers Paid	(290,537,236)	(347,596,689)	(254,098,550)	(323,948,815)
Other payments	(670,821,537)	(349,854,522)	(609,761,669)	(406,341,985)
	<u>(1,702,387,258)</u>	<u>(1,427,031,560)</u>	<u>(1,561,200,250)</u>	<u>(1,418,112,956)</u>
Net cash flows from operating activities	632,578,630	598,463,262	631,555,761	599,512,321
Cash flows from investing activities				
Purchase of property, plant and equipment	(625,584,020)	(522,099,561)	(624,495,902)	(520,827,858)
Proceeds on Disposal of Fixed Assets	191,176	176,780	-	-
Purchase of Biological assets	(91,000)	-	-	-
Proceeds on Disposal of Biological assets	3,420,479	2,985,624	163,390	-
	<u>(622,063,365)</u>	<u>(518,937,157)</u>	<u>(624,332,552)</u>	<u>(520,827,858)</u>
Net cash flows from investing activities				
Cash flows from financing activities				
Acquisitions of Finance Leases Liabilities	169,592	5,090,139	-	5,090,139
(Repayments) of Finance Lease Liabilities	(3,342,973)	(3,494,823)	(3,342,973)	(3,420,501)
	<u>(3,173,381)</u>	<u>1,595,316</u>	<u>(3,342,973)</u>	<u>1,669,638</u>
Net cash flows from financing activities				
Net increase/(decrease) in cash and cash equivalents	7,341,885	79,121,421	3,880,236	80,354,101
Cash and cash equivalents at the beginning of the year	467,849,700	388,728,279	464,155,458	383,801,357
Cash and cash equivalents at the end of the year	475,191,586	467,849,700	468,035,695	464,155,458

NB: Refer to note 66 for Cash flow workings.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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	411,141.698	-	411,141.698	314,065.234	(97,076.464)	-24%	C01
Rental of fixed assets	40,000	1,460,000	1,500,000	253,219	(1,246,781)	-83%	C02
Interest earned - external investments	30,000,000	10,500,000	40,500,000	62,630,942	22,130,942	55%	C03
Interest earned - outstanding debtors	22,030,000	200,000	22,230,000	43,705,015	21,475,015	97%	C04
Other revenue	167,296,794	(6,809,467)	160,487,327	36,189,841	(124,297,486)	-77%	C05
Transfers and subsidies - Operational	1,182,672,216	3,337,391	1,186,009,607	1,132,573,713	(53,435,894)	-5%	C06
Total Revenue (excluding capital transfers and contributions)	1,813,180,668	8,667,924	1,821,848,592	1,589,417,964			
Expenditure By Type							
Employee Related Costs	770,920,204	(2,016,798)	768,903,406	719,310,937	49,592,469	6%	C07
Remuneration of Councillors	25,513,521	-	25,513,521	22,725,295	2,788,226	11%	C08
Depreciation and Amortisation	239,348,973	(5,989,470)	233,359,503	339,933,762	(106,574,259)	-46%	C09
Impairment Losses	127,507,624	-	127,507,624	154,319,728	(26,812,104)	-21%	C10
Finance Costs	-	-	-	15,941,556	(15,941,556)	-100%	C11
Contracted Services	157,453,189	552,914	158,006,103	156,935,418	1,070,685	1%	C12
Transfers and subsidies	67,113,215	1,592,826	68,706,041	295,594,381	(226,888,340)	-330%	C13
Inventory Consumed	81,146,395	-	81,146,395	81,143,775	2,620	0%	C14
Inventory Losses	-	-	-	31,733,715	(31,733,715)	-100%	C15
Operational Expenses	212,406,684	9,095,515	221,502,199	218,675,971	2,826,228	1%	C16
Total expenditure	1,681,409,805	3,234,987	1,684,644,792	2,036,314,539			
Surplus / (Deficit)	131,770,863	5,432,937	137,203,800	(446,896,575)	-		
Transfers and subsidies - Capital	1,190,908,557	(79,298,000)	1,111,610,557	909,458,000	(202,152,557)	-18%	C17
Surplus for the year	1,322,679,420	(73,865,063)	1,248,814,357	462,561,425			

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	499,326,611	11,170,000	510,496,611	475,191,586	(35,305,025)	-7%	D01
Consumer debtors	219,918,763	-	219,918,763	199,665,705	(20,253,058)	-9%	D02
Inventories	12,878,328	-	12,878,328	13,121,670	243,342	2%	D03
VAT	204,677,673	-	204,677,673	38,916,684	(165,760,989)	-81%	D04
Other debtors	390,000	-	390,000	19,370,130	18,980,130	4867%	D05
Total current assets	937,191,375	11,170,000	948,361,375	746,265,775			
NON-CURRENT ASSETS							
Property, Plant and Equipment	7,689,302,356	(153,146,000)	7,536,156,356	8,387,194,330	851,037,974	11%	D06
Biological assets	4,500,000	-	4,500,000	15,653,460	11,153,460	248%	D07
Heritage assets	247,025	-	247,025	247,025	-	0%	
Intangible Assets	23,923,907	(7,530,000)	16,393,907	245,501	(16,128,006)	-99%	D08
Total non current assets	7,717,972,888	(160,676,000)	7,557,296,888	8,403,340,316			
TOTAL ASSETS	8,655,164,263	(149,526,000)	8,505,638,263	9,149,606,091			
CURRENT LIABILITIES							
Consumer Deposits	4,251,426	-	4,251,426	4,081,243	(170,183)	-4%	D09
Trade and other payables	235,486,318	18,520,456	254,006,774	391,210,247	(137,203,473)	-54%	D10
Provisions	333,025,897	-	333,025,897	83,388,934	(249,636,963)	-75%	D11
VAT	700,000	-	700,000	11,937,280	(11,237,280)	-1605%	D12
Total current liabilities	573,463,641	18,520,456	591,984,097	490,617,704			
NON-CURRENT LIABILITIES							
Finance Lease Liabilities	-	-	-	1,016,146	(1,016,146)	-100%	D10
Provisions	-	-	-	109,388,000	(109,388,000)	-100%	D11
	-	-	-	110,404,146			
TOTAL LIABILITIES	573,463,641	18,520,456	591,984,097	601,021,850			
NET ASSETS	8,081,700,622	(168,046,456)	7,913,654,166	8,548,584,241			
Accumulated surplus / (Deficit)	8,106,009,656	(166,902,992)	7,939,106,664	8,530,606,783	(591,900,119)	-7%	
Revaluation Surplus	-	-	-	17,977,458	(17,977,458)	-100%	D13
	8,106,009,656	(166,902,992)	7,939,106,664	8,548,584,241			

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Consolidated Annual Financial Statements for the year ended 30 June 2024

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	308,097,170	-	308,097,170	192,681,714	(115,415,456)	-37% E01
Transfers and subsidies	2,324,027,558	(79,678,000)	2,244,349,558	2,049,958,961	(194,390,597)	-9% E02
Interest income	30,000,000	10,500,000	40,500,000	69,149,026	28,649,026	71% E03
Other receipts	136,574,937	-	136,574,937	29,178,187	(107,396,750)	-83% E04
	2,798,699,665	(69,178,000)	2,729,521,665	2,334,967,889		
Payments						
Suppliers and employees	1,291,480,980	(5,833,065)	1,285,647,915	1,698,315,702	(412,667,787)	-32% E05
Finance Costs	-	-	-	4,073,556	(4,073,556)	-100% E06
	1,291,480,980	(5,833,065)	1,285,647,915	1,702,389,258		
Net cash flows from operating activities	1,507,219,085	(63,344,935)	1,443,874,150	632,578,630		
Cash flows from investing activities						
Purchase of property, plant and equipment	1,266,106,018	80,348,000	1,346,454,018	625,584,020	(720,869,998)	-54% E07
Proceeds from sale of Assets	-	-	-	(191,176)	191,176	100% E08
Purchase of Biological assets	-	-	-	91,000	(91,000)	100% E09
Proceeds on Disposal of Biological assets	-	-	-	(3,420,479)	3,420,479	100% E09
Net cash flows from investing activities	1,266,106,018	80,348,000	1,346,454,018	622,063,365		
Cash flows from financing activities						
(Repayments) / Acquisitions of Long term loans	-	-	-	(169,592)	169,592	100% E10
(Repayments) of Finance Lease Liabilities	-	-	-	3,342,973	(3,342,973)	-100% E10
Increase (decrease) in consumer deposits	83,990	-	83,990	83,990	-	100%
Net cash flows from financing activities	83,990	-	83,990	3,173,381		
Net Increase/(decrease) in cash and cash equivalents	241,029,077	(143,692,935)	97,336,142	7,341,885		
Cash and cash equivalents at the beginning of the year	252,212,500	-	252,212,500	467,849,700	215,637,200	85%
Cash and cash equivalents at the end of the year	493,241,577	(143,692,935)	349,548,642	475,191,585		

STATEMENT OF FINANCIAL PERFORMANCE

C01	Service Charges - The variance is due to delays in the implementation of per-unit billing which was planned for the current year.
C02	Rental of fixed assets - The variance is mainly due to the council's decision to stop renting out the hall.
C03	Interest earned - external investments - The variance is due to implementation of financial recovery plan which resulted in improved liquidity.
C04	Interest earned - outstanding debtors - The increase in interest on debtors is attributed to non payment of outstanding accounts by debtors.
C05	Other revenue - (1) In the budget, VAT refunds relating to expenditure of Conditional grants was classified as operational revenue while in the GI 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 gains and Reversal of impairment are included under Operational Revenue while in the GI and AFS this items is disclosed separately. The variance is mainly due to VAT actual refunds.
C06	Transfers and subsidies - The variance is less than 10% and regarded as immaterial.
C07	Employee Related Costs - The variance in employee costs is less than 10% and is regarded as immaterial.
C08	Remuneration of Councillors - The budget amount took into account a projected increment of councillors' remuneration pending the expected upper limits for councillors to be issued by Cogta. For the year, no annual increase of Councillors' remuneration have been effected as the new upper limits were not available till the end of the financial year.
C09	Depreciation and amortisation - The variance 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 and Asset Impairment. The variance is mainly due to non-payment of customer accounts resulting in increase in the impairment of debtors.
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 details.
C12	Contracted Services - The variance is less than 10% and regarded as immaterial.
C13	Transfers and Subsidies - The variance was mainly due to increase in free basic water provided by the municipality and expenditure for VIP toilets.
C14	Inventory Consumed - The variance is less than 10% and regarded as immaterial.
C15	Inventory Losses - The budget for inventory losses was included under inventory consumed and the increase in inventory losses' value was due to change in method of calculating water tariff.
C16	Operational Costs - budget for Operational cost includes operational costs, Losses on disposal of assets and Actual Gains / (Losses). The variance is immaterial.
C17	Transfers and subsidies - The variance in transfers and subsidies can be attributed housing budget included in this line item while the actual expenditure is posted directly to the housing liability.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Statement of Comparison of Budgets and Actual Amounts				Approved budget	Adjustments	Final Budget	Actual amounts	Variance	% Var.
Figures in Rand									
STATEMENT OF FINANCIAL POSITION									
D01	Cash - The variance in employee costs is less than 10% and is regarded as immaterial.								
D02	Consumer debtors - The variance was mainly due to impairment loss effected against debtors.								
D03	Inventory - The variance in employee costs is less than 10% and is regarded as immaterial.								
D04	VAT - The variance can be attributed to swift processing of VAT refunds by SARS resulting in less refunds receivable at year end.								
D05	Other debtors - This line item includes prepayments and other debtors. The variance is mainly due to under estimation of Other debtors during budgeting.								
D06	Property Plant and Equipment - Variance is mainly due to improved conditional grants expenditure during the current year and physical verification which resulted in re-assessment of remaining useful life and identification of assets that were initially not recorded in the registers.								
D07	Intangible Assets - Certain Solar system modules planned to be purchased during the current year were not purchased due to unforeseen delays in finalising due diligence report by COGTA.								
D08	Other non-current assets - Include Heritage and biological Assets. During budgeting period Ntinga planned to dispose few cattle and estimated livestock value downwards and that resulted in reduced budget.								
D09	Consumer Deposits - The variance is less than 10% and regarded as immaterial.								
D10	Trade and other payables - This item includes trade creditors, Provisions and Finance lease obligation. The increase mainly due to increase in accruals at year-end.								
D11	Provisions -Provisions budget includes the budget for Post employment benefit and Leave provisions. The variance is mainly attributed to Long-term portion of the provision which budgeted under this item but disclosed separately.								
D12	VAT - The variance can be attributed to under budgeting of Ntinga's VAT liability.								
D13	Revaluation Surplus - The municipality was not expecting revaluation surplus during the time of budgeting.								
CASH FLOW STATEMENT									
E01	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 per-unit billing.								
E02	Transfers and subsidies - The variance in Transfers and subsidies can be attributed housing budget included in this line item while the actual receipts are posted directly to the housing liability.								
E03	Interest Received - The variance is due to consolidation of investments into one account resulting in more interest earned.								
E04	Other Receipts - Variance was mainly due to a portion of Transfers and Subsidies budget included in Other receipts resulting in variance in both items.								
E05	Suppliers and employees - The variance can be attributed to improved spending on VIP toilets which is not capitalised.								
E06	Finance Costs - Not budgeted for.								
E07	Purchase of property plant and equipment - The budget for this line item is based on the grant allocation which is VAT inclusive while the expenditure is VAT exclusive thereby resulting in a variance. The expenditure for Housing grant was budgeted under this item while the expenditure was posted against the Housing liability account.								
E08	Proceeds from sale of Assets - The parent municipality did not expect to dispose assets during the budgeting period.								
E09	Proceeds from sale of Biological Assets - The municipality did not anticipate the sale of asset during the budgeting period.								
E10	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 upwards by R1 460 000 due to overperformance by Ntinga Development Agency at mid term.
C03	The interest received was adjusted upwards by R10 500 000 due to overperformance of mid-term resulting from the investing on high earning investments.
C05	Other revenue was adjusted downwards by R8 829 467 due to inability to meet revenue targets for the Fresh produce market, and the Farms by Ntinga Development Agency.
C06	Transfers and Subsidies were adjusted upwards by a net amount of R3 337 391 due to income received higher than projected income from condition grant (FES) in Ntinga Development Agency and grants received from SETA in both Ntinga Development Agency and OR Tambo DM.
C07	Employee related costs of the entity were reduced by R2 016 798 as a result various measures put in place to curb and manage employee related costs.
C08	The depreciation budget was adjusted downwards by net R5 989 470 000 as the municipality had to reduce its expenditure as a result of rejected rollover application amounting to R111 900 000 deducted from the equitable share.
C12	Contracted services were adjusted upwards by R522 914 to accommodate the increase in cost of security and other contracted services.
C13	Transfers and Subsidies were adjusted upwards by R1 592 826 to accommodate the increase in water carting expenses.
C14	Operational Expenses were adjusted upwards by R8 995 515 due to increase in Telephone costs, Licence fees, Plant hire and cost for accommodation and travelling.
C17	Transfers and Subsidies - Capital were adjusted downwards by a net amount of R79 298 000 being a reduction resulting from government gazette no 500134 in terms of section 18 and 19 of the DofA. MIG adjusted downwards by R51 200 000, RRG adjusted downwards by R20 100 000 and WSG adjusted downwards by R8 000 000.
D01	Cash was adjusted upwards by R11 170 000 because of the anticipated inflow of cash because of increase in interest from investments.
D06	Property plant and Equipment was adjusted downwards by R153 146 000 due reduction conditional grant as a result of government gazette no 500134 in terms of section 18 and 19 of the DofA.
D08	Intangible Assets were adjusted downwards by R7 550 000 as the process of the asset module due diligence was taking longer than expected.
D09	Trade and other payables were adjusted upwards by R18 520 456 to provide for payment of creditors.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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 judgments 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 1.13 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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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.

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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

Budget Information

Deviations between the budget and actual amounts are regarded as material differences when a 10% 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 off 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.

1.6 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)
- GRAP 105 - Transfer of Functions Between Entities Under Common Control
- GRAP 106 - Transfer of Functions Between Entities Not Under Common Control
- GRAP 107 - Mergers (Amendments)

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 except on the following:

Potential Impact of GRAP 104 - Financial Instruments amendments:

- The classification of simple financial assets such as bank accounts and debtors will not be affected however classification of more complex financial assets, such as, investments and concessionary loans may change.
- Investments held for sale and that have contractual cash flows will be measured at fair value and not at amortised cost.
- Some concessionary loans will no longer be measured at amortised cost and this will most likely be where a loan includes contingent repayment features.
- The municipality would have to apply the amortised cost in calculating interest revenue rather than the gross carrying amount if the receivable becomes impaired after origination.
- Interest revenue on receivables that become credit impaired is always based on the gross amount.
- Under the amended GRAP 104, the municipality would have assessed whether a specific event occurred that indicated that a financial asset is impaired, for example, a debtor entering bankruptcy. This is an "incurred loss model" as it focuses on losses that arise based on the occurrence of a specific event.
- Under the revised approach, an entity determines impairment losses based on the credit losses an entity expects over 12 months or over the life of the instrument.
- Under the new GRAP 104 the municipality needs to gather (a) information about the credit risk of the parties it transacts with, and (b) needs to develop models that assess both current and future losses, on a probability weighted basis.

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Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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.

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.

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.

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Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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 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.
 - ☐ 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.

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Accounting Policies

1.9 Intangible assets (Continued)

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.

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 nonmonetary 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.

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1.9 Intangible assets (Continued)

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.

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 nonmonetary 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.

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1.9 Intangible assets (Continued)

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.

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 nonmonetary 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.

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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.

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.

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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.

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.

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Accounting Policies

1.13 Financial instruments (continued)

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 Asset 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:

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.

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Accounting Policies

1.13 Financial instruments (continued)

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.

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.

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1.14 Inventories (Continued)

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 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.

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 arrears 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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.15 Revenue Recognition (Continued)

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.

Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- 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.

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Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.15 Revenue Recognition (Continued)

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.

1.16 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.

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Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.17 Employee benefits (continued)

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.

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 recognise 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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.17 Employee benefits (continued)

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

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:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) 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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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 2024

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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies**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.

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 2024

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 ReportingRecognition

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.

1.36 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 36).

OR Tambo DM, which is a controlling entity for Hinga 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 2024

Accounting Policies**1.37 Consolidated Financial Statements**

OR Tambo DM is a controlling entity that fully owns Hinga 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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
	Restated*	Restated*	Restated*	Restated*
2. Inventories				
Consumable stores	12,277,453	12,142,625	11,734,989	11,452,087
Water	516,503	392,195	516,503	392,195
Livestock	-	1,239,570	-	-
Merchandise (Meat)	182,489	82,294	-	-
Crops	145,225	301,281	-	-
	<u>13,121,670</u>	<u>14,177,965</u>	<u>12,251,492</u>	<u>11,844,282</u>
Movement in water inventory				
Opening Balance	392,195	122,452	392,195	122,452
Bulk Purchases	63,712,684	35,943,616	63,712,684	35,943,616
Water processing cost	125,184,419	102,244,744	125,184,419	102,244,744
Less: Water Sales (See note 35)	(77,948,950)	(47,901,079)	(77,948,950)	(47,901,079)
Less: Free Basic Services (See note 34)	(79,090,130)	(57,084,110)	(79,090,130)	(57,084,110)
	<u>32,250,218</u>	<u>32,245,623</u>	<u>32,250,218</u>	<u>32,245,623</u>
Less: Water Losses (See note 36)	(31,733,715)	(32,953,428)	(31,733,715)	(32,953,428)
	<u>516,503</u>	<u>392,195</u>	<u>516,503</u>	<u>392,195</u>
Movement in Consumable Stores				
Opening Balance	13,785,770	15,684,064	11,452,087	11,468,750
Purchases	56,014,173	36,941,491	37,000,905	26,693,040
Consumption	(57,194,777)	(38,839,785)	(36,718,004)	(26,709,702)
	<u>12,605,166</u>	<u>13,785,771</u>	<u>11,734,988</u>	<u>11,452,088</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 R81 143 775 (2023: R57 995 056). The cost of water production for the year amounted to R7.06 per kilolitre (2023: R4.69 per kilolitre) and the closing water inventory at year-end was 73 253 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	559,705,962	465,773,463	559,705,962	465,773,463
Sewerage	144,189,701	119,481,697	144,189,701	119,481,697
Other Receivables	229,674,672	192,487,741	229,674,672	192,487,741
Credit sales of goods and rentals	1,035,055	2,106,953	-	-
	<u>934,605,390</u>	<u>779,849,854</u>	<u>933,570,335</u>	<u>777,742,901</u>
Less: Allowance for impairment				
Water	(426,256,382)	(360,730,689)	(426,256,382)	(360,730,689)
Sewerage	(107,208,846)	(89,883,159)	(107,208,846)	(89,883,159)
Other receivables	(202,307,762)	(171,148,127)	(202,307,762)	(171,148,127)
Credit sales of goods and rentals	(377,482)	(377,482)	-	-
	<u>(736,150,472)</u>	<u>(622,139,457)</u>	<u>(735,772,990)</u>	<u>(621,761,975)</u>
Net balance				
Water	133,449,580	105,042,774	133,449,580	105,042,774
Sewerage	36,980,855	29,598,538	36,980,855	29,598,538
Other Receivables	27,366,910	21,339,614	27,366,910	21,339,614
Credit sales of goods and rentals	657,573	1,729,471	-	-
	<u>198,454,918</u>	<u>157,710,397</u>	<u>197,797,345</u>	<u>155,980,926</u>
3.2 Gross balances - Other debtors				
Sundry debtors	1,210,787	1,279,864	1,210,787	1,279,864
Accrued investment interest	-	1,745,836	-	1,745,836
	<u>1,210,787</u>	<u>3,025,700</u>	<u>1,210,787</u>	<u>3,025,700</u>
Net Receivables from exchange transactions	<u>199,665,705</u>	<u>160,736,097</u>	<u>199,008,132</u>	<u>159,006,626</u>

Other Receivables relate to interest charged on service debtors which cannot be allocated to the relevant service type as the billing system was not programmed to separate the interest in the prior years.

Sundry debtors balance relate to amounts accrued subsequent to court orders awarded in favour of the municipality for reimbursement of legal costs.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
	Restated*	Restated*	Restated*	Restated*
Water				
Current (0-30 days)	45,737,463	60,680,065	45,737,463	60,680,065
31 - 60 days	15,598,577	9,781,818	15,598,577	9,781,818
61 - 90 days	12,961,696	9,065,098	12,961,696	9,065,098
+90 days	485,408,225	386,246,481	485,408,225	386,246,481
	<u>559,705,962</u>	<u>465,773,463</u>	<u>559,705,962</u>	<u>465,773,463</u>
Less: Allowance for impairment	(426,256,382)	(360,730,689)	(426,256,382)	(360,730,689)
	<u>133,449,580</u>	<u>105,042,774</u>	<u>133,449,580</u>	<u>105,042,774</u>
Sewerage				
Current (0-30 days)	11,444,596	10,342,810	11,444,596	10,342,810
31 - 60 days	4,095,231	3,278,654	4,095,231	3,278,654
61 - 90 days	3,483,109	3,097,521	3,483,109	3,097,521
+90 days	125,166,766	102,762,710	125,166,766	102,762,710
	<u>144,189,702</u>	<u>119,481,696</u>	<u>144,189,702</u>	<u>119,481,696</u>
Less: Allowance for impairment	(107,208,846)	(89,883,159)	(107,208,846)	(89,883,159)
	<u>36,980,856</u>	<u>29,598,537</u>	<u>36,980,856</u>	<u>29,598,537</u>
Other Debtors				
Current (0-30 days)	9,363,863	7,378,500	9,363,863	7,378,500
31 - 60 days	4,773,387	3,626,776	4,773,387	3,626,776
61 - 90 days	4,697,136	3,525,775	4,697,136	3,525,775
+90 days	210,840,286	177,956,692	210,840,286	177,956,692
	<u>229,674,672</u>	<u>192,487,742</u>	<u>229,674,672</u>	<u>192,487,742</u>
Less: Allowance for impairment	(202,307,762)	(171,148,127)	(202,307,762)	(171,148,127)
	<u>27,366,910</u>	<u>21,339,615</u>	<u>27,366,910</u>	<u>21,339,615</u>
Credit sales of goods and rentals				
Current (0-30 days)	152,511	1,729,459	-	-
31 - 60 days	-	-	-	-
61 - 90 days	-	-	-	-
+90 days	882,544	377,494	-	-
	<u>1,035,055</u>	<u>2,106,953</u>	-	-
Less: Allowance for impairment	(377,482)	(377,482)	-	-
	<u>657,573</u>	<u>1,729,471</u>	-	-
Summary of debtors by customer classification				
Consumers				
Current (0-30 days)	24,304,118	40,933,569	24,304,118	40,933,569
31 - 60 days	11,889,387	9,104,056	11,889,387	9,104,056
61 - 90 days	11,385,922	8,758,798	11,385,922	8,758,798
+90 days	541,729,422	436,760,548	541,729,422	436,760,548
	<u>589,308,849</u>	<u>495,556,971</u>	<u>589,308,849</u>	<u>495,556,971</u>
Less: Allowance for impairment	(559,658,081)	(471,008,302)	(559,658,081)	(471,008,302)
	<u>29,650,769</u>	<u>24,548,669</u>	<u>29,650,769</u>	<u>24,548,669</u>
Industrial / Commercial				
Current (0-30 days)	13,648,941	15,237,744	13,496,430	13,608,285
31 - 60 days	4,370,779	3,943,973	4,370,779	3,943,973
61 - 90 days	5,307,798	3,637,599	5,307,798	3,637,599
+90 days	171,417,449	144,077,679	170,534,905	143,700,185
	<u>194,744,967</u>	<u>167,016,995</u>	<u>193,709,912</u>	<u>164,910,042</u>
Less: Allowance for impairment	(176,492,391)	(151,131,154)	(176,114,909)	(150,753,672)
	<u>18,252,576</u>	<u>15,885,841</u>	<u>17,595,003</u>	<u>14,156,370</u>

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
		Restated*		Restated*

3. Receivables from exchange transactions (Continued)

National and provincial government				
Current (0-30 days)	28,745,374	23,859,522	28,745,374	23,859,522
31 - 60 days	8,207,029	3,619,220	8,207,029	3,619,220
61 - 90 days	4,448,222	3,291,996	4,448,222	3,291,996
+90 days	109,150,950	86,505,150	109,150,950	86,505,150
	<u>150,551,574</u>	<u>117,275,888</u>	<u>150,551,574</u>	<u>117,275,888</u>
Less: Allowance for impairment	-	-	-	-
	<u>150,551,574</u>	<u>117,275,888</u>	<u>150,551,574</u>	<u>117,275,888</u>

Totals				
Current (0-30 days)	66,698,433	80,130,834	66,545,922	78,401,375
31 - 60 days	24,467,195	16,687,249	24,467,195	16,687,249
61 - 90 days	21,141,942	15,686,394	21,141,942	15,686,394
+90 days	622,297,821	667,342,377	821,415,278	666,945,883
	<u>934,605,391</u>	<u>779,849,854</u>	<u>933,570,337</u>	<u>777,742,901</u>
Less: Allowance for impairment	(736,150,472)	(622,139,457)	(735,772,990)	(621,761,975)
	<u>198,454,919</u>	<u>157,710,397</u>	<u>197,797,347</u>	<u>155,980,927</u>

Impairment Totals				
Current (0-30 days)	(29,002,512)	(46,180,608)	(29,002,512)	(46,180,608)
31 - 60 days	(14,067,261)	(11,297,923)	(14,067,261)	(11,297,923)
61 - 90 days	(14,503,623)	(10,915,677)	(14,503,623)	(10,915,677)
+90 days	(678,577,076)	(553,745,250)	(678,199,594)	(553,367,758)
	<u>(736,150,472)</u>	<u>(622,139,457)</u>	<u>(735,772,990)</u>	<u>(621,761,975)</u>

Reconciliation of allowance for impairment				
Balance at beginning of the year	(622,139,457)	(541,183,173)	(621,761,975)	(540,805,691)
Contributions to allowance	(114,011,015)	(80,956,284)	(114,011,015)	(80,956,284)
	<u>(736,150,472)</u>	<u>(622,139,457)</u>	<u>(735,772,990)</u>	<u>(621,761,975)</u>

4. Receivables from Non-exchange Transactions

Staff Debtors	363,321	454,737	363,321	454,737
Provincial Department of Human Settlement	18,448,736	-	18,448,736	-
Sundry Debtors	7,892,911	8,473,226	27	584,965
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)	(9,399,163)	(3,399,163)
	<u>18,863,108</u>	<u>1,086,103</u>	<u>18,812,084</u>	<u>1,039,702</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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
		Restated*		Restated*

4. Receivables from Non-exchange Transactions (Continued)

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	0	535,979	0	535,979
Deposits	<u>507,022</u>	<u>259,408</u>	<u>247,614</u>	<u>535,979</u>
	<u>507,022</u>	<u>795,387</u>	<u>247,614</u>	<u>535,979</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	(243,058,588)	(227,573,622)	(243,058,588)	(227,573,622)
VAT Input accrual	267,990,689	260,382,473	267,727,689	260,382,473
Control account	13,984,583	19,351,610	13,984,583	19,351,610
VAT	<u>38,916,684</u>	<u>52,160,461</u>	<u>38,653,684</u>	<u>52,160,461</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.

7. Cash and cash equivalents

Cash and cash equivalents consist of:				
Bank balances	(31,208,803)	285,918,174	(32,068,607)	284,894,242
Short-term deposits	506,382,439	181,927,895	500,104,302	179,261,216
Petty Cash Balances	17,950	3,631	-	-
	<u>475,191,586</u>	<u>467,849,700</u>	<u>468,035,695</u>	<u>464,155,458</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>506,382,439</u>	<u>181,927,895</u>	<u>500,104,302</u>	<u>179,261,216</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 8.45% (2023: 3% to 8.18%) per annum.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

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-24	30-Jun-23	30-Jun-22	30-Jun-24	30-Jun-23	30-Jun-22
Controlling Entity						
First National Bank - Current Account - 539 9013 7772	28 907 173	302 397 312	65 081 289	(32 068 607)	284 894 242	64 371 366
	<u>28 907 173</u>	<u>302 397 312</u>	<u>65 081 289</u>	<u>(32 068 607)</u>	<u>284 894 242</u>	<u>64 371 366</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-24	30-Jun-23	30-Jun-22	30-Jun-24	30-Jun-23	30-Jun-22
RNB - Primary Bank Account - 621 668 0472	540 533	708 997	2 585 870	555 271	767 203	2 636 219
RNB - Salaries Account - 6218 328 6890	73 531	125 264	47 347	73 531	125 264	47 347
	<u>614 064</u>	<u>834 261</u>	<u>2 633 217</u>	<u>628 802</u>	<u>892 467</u>	<u>2 683 566</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>614 064</u>	<u>834 261</u>	<u>2 633 217</u>	<u>632 433</u>	<u>905 385</u>	<u>2 690 462</u>

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OR Tambo District Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

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OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

Economic Entity

Description	2024			2023		
	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	23,788,844	(25,855,096)	7,933,748	23,547,917	(24,109,743)	9,188,174
Transport Assets	49,010,936	(25,945,801)	43,065,435	50,408,464	(21,774,632)	28,633,811
IT equipment	14,223,153	(8,007,306)	6,215,846	9,546,411	(6,468,940)	3,077,471
Infrastructure	10,651,165,271	(3,492,034,546)	6,959,130,425	10,214,383,172	(3,340,519,838)	6,853,863,334
Buildings and Other assets	172,431,860	(85,943,489)	86,488,369	172,353,274	(80,838,724)	91,514,551
Infrastructure WIP	1,229,128,200	-	1,229,128,200	1,119,233,654	-	1,119,233,654
Leased Assets	12,362,747	(9,450,176)	2,912,571	11,929,717	(6,303,689)	5,626,028
Machinery and Equipment	2,202,224	(83,462,232)	(81,260,008)	29,407,847	(22,410,919)	7,196,928
	<u>12,236,113,138</u>	<u>(3,676,918,809)</u>	<u>8,367,194,330</u>	<u>11,477,916,333</u>	<u>(3,622,424,764)</u>	<u>8,155,283,427</u>

Reconciliation of property, plant and equipment - 2024

Description	Opening balance	Additions	Revaluation	Disposals	Decommissionings	Transfers	Impairment	Depreciation	Total
Land	36,799,877	-	-	-	-	-	-	-	36,799,877
Furniture and fixtures	9,188,174	906,530	-	(152,403)	-	-	-	(1,958,341)	7,933,748
Transport Assets	28,633,811	18,638,865	-	-	-	-	-	(4,406,561)	43,065,435
IT equipment	3,077,470	4,806,893	-	(49,026)	-	-	-	(1,419,492)	6,215,846
Infrastructure	6,853,863,334	10,419,994	4,481,674	-	(18,180,284)	499,240,549	(38,499,212)	(322,215,630)	6,959,130,425
Buildings and Other assets	91,514,551	75,412	-	-	-	-	(1,228,720)	(3,774,028)	86,488,369
Infrastructure WIP	1,119,233,654	589,155,065	-	-	-	(499,240,549)	-	-	1,229,128,200
Leased Infrastructure	5,626,028	483,030	-	-	-	-	-	(3,146,487)	2,912,571
Machinery and Equipment	7,196,928	945,181	-	(2,027)	-	-	-	(2,420,042)	5,626,028
	<u>8,155,283,427</u>	<u>425,584,019</u>	<u>4,481,674</u>	<u>(203,436)</u>	<u>(18,180,284)</u>	<u>-</u>	<u>(40,027,949)</u>	<u>(337,743,102)</u>	<u>8,367,194,330</u>

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Figures in Rand

8. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - 2023

Description	Opening balance	Additions	Revaluation	Disposals	Decommissionings	Transfers	Impairment	Depreciation	Total
Land	36,799,877	-	-	-	-	-	-	-	36,799,877
Furniture and fixtures	10,958,417	256,109	-	-	-	-	-	(2,030,325)	9,188,174
Transport Assets	32,492,875	-	-	-	-	-	-	(4,460,244)	28,633,811
IT equipment	2,681,256	970,165	-	(2,208)	-	-	-	(571,742)	3,077,470
Infrastructure	6,834,565,280	7,829,828	4,224,044	-	404,528,430	-	(197,248,349)	6,853,863,334	6,853,863,334
Buildings and Other assets	94,991,475	380,908	-	-	-	-	(41,751)	(3,816,141)	91,514,551
Infrastructure WIP	1,107,182,240	804,444,851	-	-	(404,528,430)	-	(89,844,076)	-	1,119,233,654
Leased Assets	3,423,507	5,392,299	-	-	-	-	-	(3,189,778)	5,626,028
Machinery and Equipment	9,755,576	1,498,850	-	-	-	-	-	(2,781,112)	7,196,928
	<u>7,934,210,526</u>	<u>822,469,721</u>	<u>4,224,044</u>	<u>(2,208)</u>	<u>-</u>	<u>-</u>	<u>(97,212,918)</u>	<u>(914,337,446)</u>	<u>8,155,283,427</u>

Controlling Entity

Description	2024			2023		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	12,795,000	-	12,795,000	12,795,000	-	12,795,000
Furniture and fixtures	21,145,310	(23,424,297)	7,519,013	20,733,913	(22,041,065)	8,492,548
Transport Assets	65,366,597	(22,801,208)	42,765,389	43,954,125	(18,466,704)	28,477,421
IT equipment	11,883,855	(6,231,509)	5,651,946	7,251,011	(4,912,199)	2,339,012
Infrastructure	10,651,165,271	(3,492,034,546)	6,959,130,425	10,214,383,172	(3,340,519,838)	6,853,863,334
Buildings and Other assets	149,007,981	(78,840,750)	72,167,218	149,007,981	(73,749,306)	75,048,475
Infrastructure WIP	1,229,128,200	-	1,229,128,200	1,119,233,654	-	1,119,233,654
Leased Assets	11,627,557	(9,368,278)	2,269,279	11,627,557	(6,299,157)	5,328,400
Machinery and Equipment	5,145,272	(4,311,795)	833,477	5,895,354	(5,330,102)	565,252
	<u>12,176,246,044</u>	<u>(3,834,912,042)</u>	<u>8,341,335,992</u>	<u>11,946,895,067</u>	<u>(3,491,548,631)</u>	<u>8,107,344,476</u>

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Figures in Rand

8. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - 2024

Description	Opening balance	Additions	Impairment Reversal	Disposals	Decommissions	Transfers	Impairment loss	Depreciation	Total
Land	13,798,000	-	-	-	-	-	-	-	13,798,000
Furniture and fixtures	8,692,548	777,000	-	(152,402)	-	-	-	(1,798,222)	7,919,313
Transport Assets	28,477,421	18,438,885	-	-	-	-	-	(4,350,717)	42,765,389
IT equipment	2,239,211	4,702,444	-	(27,514)	-	-	-	(1,261,998)	8,651,945
Infrastructure	6,853,843,334	10,619,994	4,481,674	-	(18,180,284)	489,240,549	(38,699,212)	(222,215,430)	6,959,150,425
Buildings and Other assets	75,048,475	-	-	-	-	-	-	(2,881,287)	72,167,218
Infrastructure WP	1,119,233,654	589,155,095	-	-	-	(489,240,549)	-	-	1,209,158,200
Leased Assets	5,528,400	-	-	-	-	-	-	(3,066,116)	2,462,284
Machinery and Equipment	553,292	402,482	-	(2,007)	-	-	-	(230,510)	723,475
	8,107,344,474	624,475,902	4,481,674	(182,144)	(18,180,284)	-	(38,699,212)	(335,904,440)	8,343,355,992

Reconciliation of property, plant and equipment - 2023

Description	Opening balance	Additions	Impairment Reversal	Disposals	Decommissions	Transfers	Impairment loss	Depreciation	Total
Land	13,798,000	-	-	-	-	-	-	-	13,798,000
Furniture and fixtures	10,390,219	181,409	-	-	-	-	-	(1,878,780)	8,692,548
Transport Assets	22,460,199	-	-	-	-	-	-	(3,982,778)	28,477,421
IT equipment	1,745,937	864,240	-	(2,208)	-	-	-	(200,977)	2,397,011
Infrastructure	6,634,849,280	7,509,828	4,224,044	-	-	404,528,430	-	(197,248,249)	6,853,843,334
Buildings and Other assets	77,546,439	-	-	-	-	-	-	(2,900,164)	75,048,475
Infrastructure WP	1,107,182,242	506,444,501	-	-	-	(404,528,430)	(89,864,679)	-	1,119,233,654
Leased Assets	3,423,207	3,090,139	-	-	-	-	-	(3,185,246)	5,528,400
Machinery and Equipment	1,229,036	758,720	-	-	-	-	(1,306,485)	(189,809)	543,392
	7,883,131,950	630,827,858	4,224,044	(2,208)	-	-	(91,171,144)	(209,444,003)	8,107,344,474

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Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated ^a	2024	2023 Restated ^a

8. Property, plant and equipment (continued)

Non-Current Assets held for sale

There were no assets held for sale at 30 June 2024.

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

Land and Buildings	2,589,324	2,158,982	2,589,324	2,158,982
Infrastructure - Sanitation	609,525	8,664,376	609,525	8,664,376
Infrastructure - Water	28,866,223	88,798,085	28,866,223	88,798,085
Other Assets	3,103,595	1,909,675	14,946,805	2,945,669
	35,168,647	101,531,118	47,011,877	102,567,112

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:

Infrastructure - Sewerage	1,029,914,829	936,910,984	1,029,914,829	936,910,984
Infrastructure - Water	138,579,667	126,492,422	138,579,667	126,492,422
Buildings	70,633,705	55,830,249	70,633,705	55,830,249
	1,239,128,201	1,119,233,655	1,239,128,201	1,119,233,655

Delayed Projects

The following projects are experiencing significant delays.

Controlling Entity Projects

Project number	Project Description	Service Provider	Project Type	Planned Completion Date	Carrying Value	Reasons for delays
MS-115-005-B	Supply and Installation of Mechanical & Electrical Works	MANICO	Water	2023/07/23	22,024,568	Project was delayed due to termination of the Civil works contract. The scope which was dependent on the Civil Contractor awaited the new appointment. Further delays were due to EKOM connection.
MS-171-059C	Uboode Secondary Bulk - Contract 2: Construction of 315mm Dia 10km pipeline, 110mm Dia 2.1km pipe line and 10m High 1Mk Steel Elevated reservoir at Ngqang Village	Magnasap T/A K2S	Water	2024/02/09	31,728,037	Delayed delivery of prefabricated steel tanks by the supplier.
AW2020/21/18	Coffee Bay Water Supply to Ward 23 & 24 Phase 3B	Uwason	Water	2024/10/22	3,532,181	Delayed delivery of the Mechanical equipment / pumps due to lead time as Supplier is overseas. Limitations to access the site due to floods. Slow progress by the Contractor.
SCMS-13-18/19	Construction of Ntshoni Channel storage dam	Or Shweta JV K2S	Water	2021/02/27	91,818,782	Terminated
SCMS-13-18/19	Upper Mkhathane Water Supply	Egert Engineering	Water	2020/06/11	22,543,157	Terminated
MS-232-940_3	Luskile Sewer Reticulation and Sewer Interceptor Phase 3C	Ludumo	Sewer	2024/02/21	12,342,316	Delays by local forums demanding inclusion on the contract resulting in stoppages while negotiations were underway. Also the Contractor suspended the work to de-establish and re-established again.
MS-232-940_5	Luskile Sewer Reticulation Phase 3B	Lihenathi	Sewer	2023/09/28	30,636,561	Delays by local forums demanding inclusion on the contract resulting in stoppages while negotiations were underway. Also Contractor became slow on progress.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Economic Entity					Controlling Entity				
Figures in Rand	2024	2023	2024	2023	Figures in Rand	2024	2023	2024	2023
		Restated*		Restated*					Restated*
MIS 203 351	Construction of Nkanyeni Water Scheme - Construction of river abstraction Pump station	Magnascope 485cc	Water	2023/08/26	922,19,115	Delays were due to high level of water by the river due to heavy rain delaying the activities followed by the weather. The delay was also caused by the termination of Supervisory staff by the contractor.			
SCMU 29-18/19	Construction of Pump station at Mlilwane WWT and refurbishment of existing Weir	Maduma Trading	Water	2020/03/15	5,836,858	Terminated			
SCMU 30-18/19	Construction of 1 ML communal Reservoir	Magnascope 485cc	Water	2020/05/26	14,275,000	Terminated			

9. Intangible Assets

Computer Software				
Cost / Valuation	6,813,826	15,491,950	5,271,528	13,949,452
Accumulated depreciation and impairment	(6,548,325)	(15,055,788)	(5,059,574)	(13,631,725)
Carrying value	245,501	436,162	211,952	317,727
Reconciliation of Intangible assets				
Opening balance	317,927	636,046	317,927	636,046
Additions	-	-	-	-
Amortisation	(105,975)	(318,119)	(105,975)	(318,119)
	211,952	317,927	211,952	317,927

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:

(i) 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.

10. Heritage Assets

Economic Entity

Description	2024		
	Cost / Valuation	Accumulated depreciation	Carrying value
Statues and Monuments	247,025	-	247,025

Controlling Entity

Description	2024		
	Cost / Valuation	Accumulated depreciation	Carrying value
Statues and Monuments	247,025	-	247,025

Economic Entity

Reconciliation of Intangible assets - 2024

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	247,025	-	-	247,025

Reconciliation of Intangible assets - 2023

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	247,025	-	-	247,025

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Economic Entity					Controlling Entity				
Figures in Rand	2024	2023	2024	2023	Figures in Rand	2024	2023	2024	2023
		Restated*		Restated*					Restated*

10. Heritage Assets (Continued)

Controlling Entity

Reconciliation of Intangible assets - 2024

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	247,025	-	-	247,025

Reconciliation of Intangible assets - 2023

	Opening balance	Additions	Depreciation	Total
Statues 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 - 2024	Fair Value - 2023	Fair Value - 2023	Fair Value - 2023
	Cattle	Cattle	Cattle	Cattle
	R	Qty	R	Qty
Opening balance	13,732,144	1,202	-	-
Acquisitions	91,000	2	-	-
Births	105,800	530	-	-
Deaths	(575,000)	(67)	-	-
Donations	(17,200)	(1)	-	-
Gains from change in fair value	4,207,946	-	-	-
Transfers to inventory	(1,606,650)	(118)	-	-
Disposals	(284,400)	(486)	-	-
Closing Balance	15,457,854	1,530	-	-
	Fair Value - 2023	Fair Value - 2023	Fair Value - 2023	Fair Value - 2023
	Cattle	Cattle	Cattle	Cattle
	R	Qty	R	Qty
Opening balance	14,547,854	1,142	-	-
Correction of error	14,547,854	1,530	-	-
Acquisitions	-	-	-	-
Births	300,374	370	-	-
Deaths	(350,200)	(31)	-	-
Gains from change in fair value	74,000	-	-	-
Transfers to inventory	557,631	83	-	-
Disposals	(1,417,495)	(553)	-	-
Correction of error	-	(1197)	-	-
Closing Balance	13,732,144	1,202	-	-

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 Ikwezi Dairy Farm. The primary activities revolving around biological assets are livestock breeding and heifer exchange.

Financial risk is managed as follows:

- 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 2024. 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. At birth biological assets are recorded at a value of R200. After breeding, the fair value adjustment is done at year end based on the valuation report from registered independent veterinarian.

12. Consumer deposits

Water	4,081,243	3,648,876	4,081,243	3,648,876
	4,081,243	3,648,876	4,081,243	3,648,876

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.

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Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Revised ^a	2024	2023 Revised ^a
13. Employee benefit liabilities				
Long-term Service Liability	2,475,000	3,970,000	2,475,000	3,970,000
Post-retirement Medical Aid Benefits Liability	921,000	331,000	921,000	331,000
Staff leave Provision	79,992,934	80,703,713	74,383,285	75,706,890
	83,388,934	85,004,713	77,779,285	80,007,890

The movements in provisions are reconciled as follows:

Long-term Service				
Balance at beginning of year	3,970,000	8,485,000	3,970,000	8,485,000
Transfer from non-current	2,475,000	3,970,000	2,475,000	3,970,000
Expenditure Incurred	(3,970,000)	(8,485,000)	(3,970,000)	(8,485,000)
(Over) / Under-Provision	2,475,000	3,970,000	2,475,000	3,970,000

Medical Aid				
Balance at beginning of year	331,000	1,101,000	331,000	1,101,000
Transfer from non-current	921,000	331,000	921,000	331,000
Expenditure Incurred	(331,000)	(1,101,000)	(331,000)	(1,101,000)
	921,000	331,000	921,000	331,000

Staff leave Provision				
Balance at beginning of year	75,706,890	91,328,752	75,706,890	91,328,752
Contribution	4,922,901	(2,499,422)	4,922,901	(2,499,422)
Expenditure Incurred	(5,391,856)	(13,425,028)	(6,246,505)	(13,122,440)
	75,237,934	75,404,302	74,383,285	75,706,890

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.

14. Payables from exchange transactions				
Trade payables	223,446,514	304,208,955	224,185,304	303,667,139
Payments received in advanced	15,825,226	15,988,204	15,825,226	15,988,204
Retentions	80,132,309	73,922,729	80,132,309	73,922,729
Staff bonus Provision	14,409,872	12,899,902	13,014,107	11,802,392
Other Creditors	10,711,206	7,910,057	4,827,948	4,827,948
	344,525,427	416,929,847	337,964,914	410,208,432

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.

15. Payables from Non-exchange Transactions				
Sundry Creditors	2,988,391	2,029,553	2,988,391	2,029,557
Provincial Department of Human Settlements	-	2,674,511	-	2,674,511
National Department of Human Settlements	41,000,000	41,000,000	41,000,000	41,000,000
Salaries control accounts	212,611	34,284	212,611	34,284
SURUDEC - Batya Sustainable Village Project	446,974	-	-	-
	44,547,976	46,185,322	44,501,002	45,738,352

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

National: WSG Funds	-	28,379,833	-	28,379,833
National: BBG Funds	-	10,093,596	-	10,093,596
National: MDG Funds	-	70,485,109	-	70,485,109
National: MDG	-	3,032,512	-	3,032,512
	-	111,991,050	-	111,991,050

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	11,937,280	14,832,454	-	-
	11,937,280	14,832,454	-	-

18. Finance Leases

Capitalised Lease Liability - At amortised cost	3,052,789	6,084,110	2,446,018	5,788,991
Current Portion - Capitalised lease liability - At amortised cost	(2,036,643)	(3,433,045)	(1,804,511)	(3,342,973)
Total long term liabilities - at amortised cost using the effective interest rate method.	1,016,146	2,651,065	641,507	2,446,018

Future minimum lease payments of the finance lease:

- within one year	2,044,558	3,433,045	1,804,511	3,342,973
- in second to fifth year inclusive	1,016,146	2,651,065	641,507	2,446,018
	3,060,704	6,084,110	2,446,018	5,788,991

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Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Revised ^a	2024	2023 Revised ^a

Controlling 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 lessor's title to the leased assets. The municipality has a 36 months' finance lease agreements with Byles 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 R218 814.

Avis Contract: The Municipality as Lessee

Finance Leases relate to lease contract for VIP 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 lessor's 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	Escalation
Emulangeri Technologies	ThinkPad Smart PC's	11.7%	0%

19. Employee benefit liabilities

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	82,177,000	72,692,000	82,177,000	72,692,000
Present value of the defined benefit obligation-party or wholly funded	27,211,000	23,114,000	27,211,000	23,114,000
	109,388,000	95,806,000	109,388,000	95,806,000

Actuarial Gain / (Loss)

Health Care Benefits	-	61,965,000	-	61,965,000
Long Service Awards	2,601,000	13,309,000	2,601,000	13,309,000
	2,601,000	75,274,000	2,601,000	75,274,000

Historical analysis

	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Post-employment medical benefits					
Defined benefit obligation	83,098,000	73,023,000	113,008,000	108,825,000	89,773,000
Plan assets	-	-	-	-	-
Surplus/deficit in the plan	(83,098,000)	(73,023,000)	(113,008,000)	(108,825,000)	(89,773,000)
Experience adjustments:	-	-	-	-	-
Plan liabilities	-	-	-	-	-
Plan assets	-	-	-	-	-

Defined Benefit Plan - Long Service Awards

Defined benefit obligation	29,686,000	27,084,000	39,741,000	42,594,000	34,196,000
Plan assets	-	-	-	-	-
Surplus/deficit in the plan	(29,686,000)	(27,084,000)	(39,741,000)	(42,594,000)	(34,196,000)
Experience adjustments:	-	-	-	-	-
Plan liabilities	-	-	-	-	-
Plan assets	-	-	-	-	-

POST-RETIREMENT HEALTH CARE BENEFITS LIABILITY

Opening balance	72,692,000	111,907,000	72,692,000	111,907,000
Contributions by plan participants	9,816,000	9,816,000	9,816,000	(98,114,000)
Assumed in an entity combination	(331,000)	(1,101,000)	(331,000)	(1,101,000)
	82,177,000	72,692,000	82,177,000	72,692,000

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 2024 by ARCH Actuarial Consulting (Pty) Ltd (2023: ARCH Actuarial Consulting (Pty) Ltd). 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)	70,985,000	62,536,000	70,985,000	62,536,000
In-service non-members (Employees)	7,890,000	6,984,000	7,890,000	6,984,000
Continuation members (Retirees, widows and orphans)	4,223,000	3,503,000	4,223,000	3,503,000
	83,098,000	73,023,000	83,098,000	73,023,000

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	2024	2023 Restated ^a	2024	2023 Restated ^a

19. Employee benefit liabilities (Continued)

The liability in respect of past service has been estimated as follows:

In-service members (Employees)	707	661	707	661
In-service non-members (Employees)	420	389	420	389
Continuation members (Retirees, widows and orphans)	11	10	11	10
	<u>1,138</u>	<u>1,060</u>	<u>1,138</u>	<u>1,060</u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas	- GEMS
- Fedhealth	- Keyhealth
- Hosmed	
- LA Health	
- Medibank	
- Sanvurned	

The Current-service Cost for the year ending 30 June 2024 is estimated to be R4 778 000, whereas the cost for the ensuing year is estimated to be R5 432 000 (30 June 2023: R7 780 000 and R4 778 000 respectively).

Net expense recognised in the statement of financial performance

Past service cost	73,023,000	113,008,000	73,023,000	113,008,000
Current service cost	4,778,000	7,780,000	4,778,000	7,780,000
Interest cost	9,166,000	15,301,000	9,166,000	15,301,000
Actuarial (gains) losses	(3,538,000)	(61,965,000)	(3,538,000)	(61,965,000)
Expected subsidy (benefit) payments	(331,000)	(1,101,000)	(331,000)	(1,101,000)
	<u>83,098,000</u>	<u>73,023,000</u>	<u>83,098,000</u>	<u>73,023,000</u>

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.35%	12.58%	12.35%	12.58%
Medical cost trend rates	7.81%	8.18%	7.81%	8.18%

Expected Retirement age

Expected Retirement Age - Males and Females	62	62	62	62
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	83,098,000	113,008,000	83,098,000	113,008,000
Unfunded Accrued Liability	83,098,000	113,008,000	83,098,000	113,008,000
Total Benefit Liability	83,098,000	113,008,000	83,098,000	113,008,000

The amounts recognised in the Statement of Financial Performance are as follows:

Current Service Cost	4,778,000	8,784,000	4,778,000	8,784,000
Interest Cost	9,166,000	13,622,000	9,166,000	13,622,000
Actuarial Losses / (Gains)	(3,538,000)	(16,784,000)	(3,538,000)	(16,784,000)
	<u>10,404,000</u>	<u>5,622,000</u>	<u>10,404,000</u>	<u>5,622,000</u>

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	15,232,000	19,515,000	15,232,000	19,515,000
Effect on defined benefit obligation	90,562,000	79,548,000	90,562,000	79,548,000
Decrease: -				
Effect on the aggregate of current service cost and the interest cost	12,367,000	27,585,000	12,367,000	27,585,000
Effect on defined benefit obligation	74,225,000	65,185,000	74,225,000	65,185,000

The municipality expects to make a contribution of R5 432 000 (2023: R4 778 000) to the Defined Benefit Plans during the next financial year.

LONG SERVICE AWARDS LIABILITY

Balance at the beginning of the year	23,114,000	31,254,000	23,114,000	31,254,000
Contributors to provision	6,572,000	(4,172,000)	6,572,000	(4,172,000)
Transfer to Current Provisions	(2,475,000)	(3,970,000)	(2,475,000)	(3,970,000)
	<u>27,211,000</u>	<u>23,114,000</u>	<u>27,211,000</u>	<u>23,114,000</u>

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: TAO 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.

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	2024	2023 Restated ^a	2024	2023 Restated ^a

19. Employee benefit liabilities (Continued)

At year end, 1 127 (2023: 1,050) employees were eligible for Long-service Awards. The Current-service Cost for the year ending 30 June 2024 is estimated to be R2 933 000, (30 June 2023: R4 454 000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rates used	10.6%	10.7%	10.6%	10.7%
Expected Retirement Age - Males and Females	62	62	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	27,084,000	39,741,000	27,084,000	39,741,000
Current Service Costs	2,933,000	4,454,000	2,933,000	4,454,000
Interest Costs	2,702,000	4,683,000	2,702,000	4,683,000
Benefits paid	(3,970,000)	(8,485,000)	(3,970,000)	(8,485,000)
Actuarial Losses / (Gains)	937,000	(13,309,000)	937,000	(13,309,000)
	<u>27,486,000</u>	<u>27,084,000</u>	<u>27,486,000</u>	<u>27,084,000</u>

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	27,486,000	27,084,000	27,486,000	27,084,000
Unfunded accrued liability	27,486,000	27,084,000	27,486,000	27,084,000
Total Benefit Liability	27,486,000	27,084,000	27,486,000	27,084,000

The amounts recognised in the Statement of Financial Performance are as follows:

Current service	2,933,000	4,454,000	2,933,000	4,454,000
Interest cost	2,702,000	4,683,000	2,702,000	4,683,000
Actuarial Losses / (Gains)	937,000	(13,309,000)	937,000	(13,309,000)
	<u>6,572,000</u>	<u>(4,172,000)</u>	<u>6,572,000</u>	<u>(4,172,000)</u>

The history of experienced adjustments is as follows:

Present value of Defined Benefit Obligation	29,486,000	27,084,000	29,486,000	27,084,000
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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	5,946,000	9,712,000	5,946,000	9,712,000
Effect on defined benefit obligation	31,053,000	28,383,000	31,053,000	28,383,000
Decrease:				
Effect on the aggregate of current service cost and the interest cost	5,345,000	8,611,000	5,345,000	8,611,000
Effect on defined benefit obligation	28,407,000	25,873,000	28,407,000	25,873,000

The municipality expects to make a contribution of R3 294 000 (2023: R2 933 000) 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	8,530,604,783	8,068,045,358	8,486,965,710	8,025,484,887
	<u>8,530,604,783</u>	<u>8,068,045,358</u>	<u>8,486,965,710</u>	<u>8,025,484,887</u>

21. Revaluation Surplus

Opening balance	17,977,458	17,977,458	17,977,458	17,977,458
Increase / (Decrease)	-	-	-	-
Land	-	-	-	-
Buildings	-	-	-	-
	<u>17,977,458</u>	<u>17,977,458</u>	<u>17,977,458</u>	<u>17,977,458</u>

Land and building are subsequently accounted for using revaluation model and are revalued every 5 years. The most 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 raised in the past.

22. Service charges

Rate of water	247,357,575	221,982,051	247,357,575	221,982,051
Sewerage and sanitation charges	66,707,459	66,359,249	66,707,459	66,359,249
	<u>314,065,234</u>	<u>288,341,300</u>	<u>314,065,234</u>	<u>288,341,300</u>

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	253,219	243,739	-	739
	<u>253,219</u>	<u>243,739</u>	<u>-</u>	<u>739</u>

Rental revenue earned on facilities and equipment is in respect of hall, office rentals, storage fees and parking rented out.

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	2024	2023 Restated*	2024	2023 Restated*
24. Interest earned				
Bank Accounts	5,441,434	6,158,788	5,441,434	6,158,788
Investments	57,189,508	34,037,489	56,594,958	33,845,394
	<u>62,630,942</u>	<u>40,196,277</u>	<u>62,036,392</u>	<u>40,004,182</u>
Outstanding Billing Debtors	43,705,015	41,602,138	43,705,015	41,602,138
	<u>43,705,015</u>	<u>41,602,138</u>	<u>43,705,015</u>	<u>41,602,138</u>
	<u>106,335,957</u>	<u>81,798,414</u>	<u>105,741,407</u>	<u>81,606,320</u>
25. Operational revenue				
Mfinga Operations	20,389,202	11,390,201	-	-
Refunds	117,683	-	117,683	-
Sundry Income	791,731	1,089,414	533,314	1,026,745
Foreign exchange gain	235,756	-	235,756	-
	<u>21,464,372</u>	<u>12,479,615</u>	<u>866,759</u>	<u>1,026,745</u>

The amounts disclosed above for Operational revenue are in respect of services, other than described in Notes 22 to 24 and 26 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	223,954	251,348	145,773	174,050
	<u>223,954</u>	<u>251,348</u>	<u>145,773</u>	<u>174,050</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	1,124,309,050	1,051,670,015	1,124,309,050	1,051,670,015
SITA Skills Development Grant	1,223,564	1,690,778	1,223,564	1,690,778
Other Subsidies	274,099	-	-	-
	<u>1,125,806,713</u>	<u>1,053,360,793</u>	<u>1,125,532,614</u>	<u>1,053,360,793</u>

Conditional grants				
National: EPWP	4,767,000	11,542,000	4,767,000	11,542,000
National: FMG	2,000,000	2,000,000	2,000,000	2,000,000
National: MIG	713,603,000	579,645,891	713,603,000	579,645,891
National: WSG	72,000,000	47,843,167	72,000,000	47,843,167
National: Department of Roads and Transport	3,155,000	3,143,000	3,143,000	3,143,000
National: RBIG	120,700,000	89,906,404	120,700,000	89,906,404
National: MDRG	-	43,839,488	-	43,839,488
	<u>916,225,000</u>	<u>777,919,950</u>	<u>916,225,000</u>	<u>777,919,950</u>
	<u>2,042,031,713</u>	<u>1,831,280,743</u>	<u>2,041,757,614</u>	<u>1,831,280,743</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	4,767,000	11,542,000	4,767,000	11,542,000
Conditions met - transferred to revenue:	<u>(4,767,000)</u>	<u>(11,542,000)</u>	<u>(4,767,000)</u>	<u>(11,542,000)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The EPWP is paid by the National Treasury to municipalities fund the payment of spends relating contract workers employed under EPWP. No funds have been withheld.

National: FMG Funds

Balance unspent at beginning of year	2,000,000	2,000,000	2,000,000	2,000,000
Current-year receipts	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Conditions met - transferred to revenue:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

National: WSG Funds

Balance unspent at beginning of year	28,379,833	38,521,735	28,379,833	38,521,735
Conditions not met - withheld	<u>(28,379,833)</u>	<u>(38,521,735)</u>	<u>(28,379,833)</u>	<u>(38,521,735)</u>
Current-year receipts	72,000,000	76,223,000	72,000,000	76,223,000
Conditions met - transferred to revenue	<u>(72,000,000)</u>	<u>(47,843,167)</u>	<u>(72,000,000)</u>	<u>(47,843,167)</u>
	<u>28,379,833</u>	<u>28,379,833</u>	<u>28,379,833</u>	<u>28,379,833</u>

Conditions have been met, the grant was fully spent during the current year.

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Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated*	2024	2023 Restated*
27. Transfers and subsidies received (Continued)				
National: Regional Bulk Infrastructure Grant (RBIG)				
Balance unspent at beginning of year	10,093,596	24,235,517	10,093,596	24,235,517
Conditions not met - withheld	<u>(10,093,596)</u>	<u>(24,235,517)</u>	<u>(10,093,596)</u>	<u>(24,235,517)</u>
Current-year receipts	120,700,000	100,000,000	120,700,000	100,000,000
Conditions met - transferred to revenue	<u>(120,700,000)</u>	<u>(89,906,404)</u>	<u>(120,700,000)</u>	<u>(89,906,404)</u>
	<u>-</u>	<u>10,093,596</u>	<u>-</u>	<u>10,093,596</u>

Conditions have been met, the grant was fully spent during the current year.

National: Department Roads and Transport

Balance unspent at beginning of year	-	3,024,000	-	3,024,000
Conditions not met - withheld	<u>-</u>	<u>(3,024,000)</u>	<u>-</u>	<u>(3,024,000)</u>
Current-year receipts	3,155,000	3,143,000	3,155,000	3,143,000
Conditions met - transferred to revenue	<u>(3,155,000)</u>	<u>(3,143,000)</u>	<u>(3,155,000)</u>	<u>(3,143,000)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

National: MIG

Balance unspent at beginning of year	70,485,109	122,448,763	70,485,109	122,448,763
Conditions not met - withheld	<u>(70,485,109)</u>	<u>(122,448,763)</u>	<u>(70,485,109)</u>	<u>(122,448,763)</u>
Current-year receipts	713,603,000	650,131,000	713,603,000	650,131,000
Conditions met - transferred to revenue	<u>(713,603,000)</u>	<u>(579,645,891)</u>	<u>(713,603,000)</u>	<u>(579,645,891)</u>
	<u>70,485,109</u>	<u>-</u>	<u>70,485,109</u>	<u>-</u>

Conditions have been met, the grant was fully spent during the current year.

National: MDG

Balance unspent at beginning of year	3,032,512	-	3,032,512	-
Conditions not met - withheld	<u>(3,032,512)</u>	<u>-</u>	<u>(3,032,512)</u>	<u>-</u>
Current-year receipts	-	46,872,000	-	46,872,000
Conditions met - transferred to revenue	<u>-</u>	<u>(43,839,488)</u>	<u>-</u>	<u>(43,839,488)</u>
	<u>3,032,512</u>	<u>-</u>	<u>3,032,512</u>	<u>-</u>

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	28,379,833	38,521,735	28,379,833	38,521,735
Conditions met - transferred to revenue:	<u>(28,379,833)</u>	<u>(38,521,735)</u>	<u>(28,379,833)</u>	<u>(38,521,735)</u>
Operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No funds have been withheld.

28. Employee related costs

Basic Salaries	466,666,426	459,562,734	435,688,204	429,644,474
Bonuses (13th Cheque)	30,964,896	31,094,569	28,624,118	29,164,242
Medical aid - company contributions	25,508,204	21,469,124	25,508,204	21,469,124
UIF	2,833,213	2,968,296	2,266,746	2,409,638
SDL	5,767,826	5,576,618	5,767,826	5,576,618
Bargaining Council Levy	131,951	103,873	131,951	103,873
Leave pay provision charge	4,629,625	-	3,774,955	-
Overtime payments	19,011,226	12,501,490	18,168,172	12,120,722
Long-service awards	2,902,888	-	2,902,888	-
Acting allowances	872,407	2,031,716	872,407	2,031,716
Travel Allowances	40,540,483	36,690,337	40,540,483	36,690,337
Housing benefits and allowances	19,554,565	17,953,448	19,554,565	17,953,448
Telephone allowance	4,365,491	3,390,903	4,365,491	3,390,903
Contributions: Group Life Insurance	26,148,801	24,293,711	26,148,801	24,293,711
Defined Benefit Plan expense	3,410,000	12,234,000	3,410,000	12,234,000
Pensions - Company Contributions	62,112,356	57,429,592	58,172,628	53,485,714
Other Allowances	3,890,579	3,357,483	-	-
	<u>719,310,937</u>	<u>670,657,874</u>	<u>675,897,439</u>	<u>650,548,520</u>

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	2024	2023	2024	2023
		Restated*		Restated*
28. Employee related costs (Continued)				
Employee Related Costs (Employee Cost transferred to Water processing cost)				
Basic Salaries	34,037,500	31,413,280	34,037,500	31,413,280
Bonuses (13th Cheque)	2,352,113	2,505,466	2,352,113	2,505,466
Medical aid - company contributions	2,023,903	1,630,808	2,023,903	1,630,808
UIF	245,261	244,900	245,261	244,900
SDL	489,409	424,015	489,409	424,015
Bargaining Council Levy	16,786	13,943	16,786	13,943
Leave pay provision charge	745,391	1,430,578	745,391	1,430,578
Overtime payments	7,441,272	3,249,436	7,441,272	3,249,436
Long-service awards	163,733	396,811	163,733	396,811
Travel Allowances	278,348	245,944	278,348	245,944
Housing benefits and allowances	2,556,691	2,123,101	2,556,691	2,123,101
Telephone allowance	36,600	36,600	36,600	36,600
Contributions: Group Life Insurance	2,186,897	1,988,731	2,186,897	1,988,731
Pensions - Company Contributions	5,137,967	4,440,987	5,137,967	4,440,987
	87,751,871	80,127,200	87,751,871	80,127,200
	777,062,908	740,785,094	738,649,310	700,695,720

REMUNERATION OF SECTION 57 EMPLOYEES:

Remuneration of Municipal Manager				
Annual Remuneration	1,503,912	531,432	1,503,912	531,432
Car Allowance	519,000	150,000	519,000	150,000
Backpay	90,381	-	90,381	-
Bonuses (13th Cheque)	82,500	-	82,500	-
Contributions to UIF, Salga, Group life and SDL	109,520	41,213	109,520	41,213
Leave Benefits	-	57,542	-	57,542
Cellphone Allowance	-	27,375	-	27,375
Acting Allowance	-	18,111	-	18,111
	2,305,313	780,187	2,305,313	825,673

The Municipal Manager's contract expired on 31 December 2022, the new Municipal Manager was appointed on the 20 June 2023. The MM does have a cellphone allowance however a cellphone contract was entered into on behalf of the municipal manager.

Remuneration of Chief Financial Officer

Annual Remuneration	959,898	244,566	959,898	244,566
Car Allowance	195,600	76,515	195,600	76,515
Backpay	69,159	-	69,159	-
Bonuses (13th Cheque)	62,954	-	62,954	-
Contributions to UIF, Salga, Group life and SDL	81,007	24,993	81,007	24,993
Leave Benefits	-	411,649	-	411,649
Cellphone Allowance	30,000	5,000	30,000	5,000
Acting Allowance	-	2,468	-	2,468
Other Allowances	245,401	40,900	245,401	40,900
	1,644,018	804,090	1,644,018	804,090

CFO resigned on 31 July 2022. An acting CFO was appointed from the 01 August 2022 until 30 April 2023, the new CFO started on the 2nd of May 2023.

Remuneration of the Director: Strategic Planning and Governance

Annual Remuneration	1,336,934	1,250,623	1,336,934	1,250,623
Car Allowance	220,000	240,000	220,000	240,000
Backpay	69,142	-	69,142	-
Contributions to UIF, Salga, Group life and SDL	90,978	93,706	90,978	93,706
Leave Benefits	308,135	-	308,135	-
Cellphone Allowance	18,500	26,866	18,500	26,866
Acting Allowance	-	8,582	-	8,582
	2,043,689	1,619,777	2,043,689	1,619,777

The contract for Director: Strategic Planning and Governance ended 30 March 2024 and was re-appointed on the 1 May 2024.

Remuneration of the Director: Infrastructure Water and Sanitation

Annual Remuneration	801,626	107,091	801,626	107,091
Car Allowance	428,362	71,394	428,362	71,394
Backpay	61,348	-	61,348	-
Contributions to UIF, Salga, Group life and SDL	57,316	2,046	57,316	2,046
Cellphone Allowance	30,000	5,000	30,000	5,000
Acting Allowance	-	27,889	-	27,889
	1,378,652	215,419	1,378,652	215,419

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.

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Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
		Restated*		Restated*
28. Employee related costs (Continued)				
Remuneration of Director: Community Services				
Annual Remuneration	1,300,508	1,124,680	1,300,508	1,124,680
Car Allowance	150,000	165,000	150,000	165,000
Backpay	69,142	-	69,142	-
Bonuses (13th Cheque)	-	87,495	-	87,495
Contributions to UIF, Salga, Group life and SDL	82,736	84,367	82,736	84,367
Leave Benefits	-	267,443	-	267,443
Cellphone Allowance	20,000	30,000	20,000	30,000
	1,622,386	1,758,985	1,622,386	1,758,985

Contract expired on 30 September 2022. The post has been abolished during the restructuring process.

Remuneration of the Director: Corporate Services

Annual Remuneration	969,083	289,646	969,083	289,646
Car Allowance	499,594	20,000	499,594	20,000
Backpay	69,159	-	69,159	-
Contributions to UIF, Salga, Group life and SDL	80,686	20,708	80,686	20,708
Acting Allowances	-	-	-	-
	1,618,522	330,354	1,618,522	330,354

Resigned on the 30 November 2021, the newly appointed director started on the 1st of April 2023.

Remuneration of the Director: Rural and Economic Development

Annual Remuneration	938,520	1,053,324	938,520	1,053,324
Car Allowance	128,989	154,845	128,989	154,845
Backpay	57,633	-	57,633	-
Bonuses (13th Cheque)	-	115,989	-	115,989
Contributions to UIF, Salga, Group life and SDL	69,207	77,358	69,207	77,358
Other Allowance	22,500	30,000	22,500	30,000
	1,216,848	1,431,518	1,216,848	1,431,518

The contract of the director expired on the 31 May 2023. An acting director was appointed from July to August 2023 and the new director assumed duties on the 1 September 2023.

Remuneration of the Director: Human Settlement

Annual Remuneration	-	295,358	-	295,358
Car Allowance	-	97,376	-	97,376
Bonuses (13th Cheque)	-	82,751	-	82,751
Contributions to UIF, Medical and Pension Funds	-	25,001	-	25,001
Leave Benefits	-	340,287	-	340,287
	-	840,773	-	840,773

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	-	549,363
Car Allowance	-	90,000	-	90,000
Bonuses (13th Cheque)	-	67,512	-	67,512
Contributions to UIF, Salga, Group life and SDL	-	46,810	-	46,810
Leave Benefits	-	294,800	-	294,800
Cellphone Allowance	-	20,000	-	20,000
Housing Subsidy	-	90,000	-	90,000
Acting Allowance	-	13,868	-	13,868
	-	1,172,353	-	1,172,353

Remuneration of the Director: Office of the Executive Mayor

Annual Remuneration	-	352,003	-	352,003
Car Allowance	-	30,000	-	30,000
Bonuses (13th Cheque)	-	50,816	-	50,816
Contributions to UIF, Salga, Group life and SDL	-	24,685	-	24,685
Leave Benefits	-	329,308	-	329,308
Cellphone Allowance	-	15,000	-	15,000
	-	801,812	-	801,812

Contract expired on 29 August 2022. The post has been abolished during the restructuring process.

Remuneration of the Director: Internal Audit

Annual Remuneration	503,255	1,606,196	503,255	1,606,196
Car Allowance	75,000	75,000	75,000	75,000
Bonuses (13th Cheque)	100,651	83,351	100,651	83,351
Contributions to UIF, Salga, Group life and SDL	40,135	86,828	40,135	86,828
Leave Benefits	267,443	-	267,443	-
Cellphone Allowance	12,500	31,918	12,500	31,918
	998,984	1,988,272	998,984	1,988,272

The contract of the director expired on 30 November 2023 and the post was converted to a General Manager level post in the new organisational structure and renamed to "Chief Audit Executive" which is not section 56 post.

Remuneration of the Director: Speaker's Office / Legislature

Annual Remuneration	-	239,355	-	239,355
Car Allowance	-	30,000	-	30,000
Bonuses (13th Cheque)	-	55,970	-	55,970
Contributions to UIF, Salga, Group life and SDL	-	15,615	-	15,615
Leave Benefits	-	89,642	-	89,642
	-	430,582	-	430,582

Contract expired on 29 August 2022. The post has been abolished during the restructuring process.

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Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated ²	2024	2023 Restated ²
28. Employee related costs (Continued)				
Remuneration of the Chief Executive Officer - Ntinga				
Basic Salary	1,511,958	1,478,860	-	-
Travel Allowance	220,464	228,918	-	-
Annual Bonus - 13th Cheque	98,189	95,309	-	-
Pension	193,115	185,672	-	-
	2,023,726	1,988,779	-	-
Remuneration of the Chief Financial Officer - Ntinga				
Basic Salary	1,297,667	1,267,509	-	-
Travel Allowance	180,444	158,876	-	-
Annual Bonus - 13th Cheque	98,189	63,553	-	-
Pension	165,540	-	-	-
	1,741,840	1,489,938	-	-
Remuneration of the Corporate Service Manager - Ntinga				
Basic Salary	1,041,710	1,166,297	-	-
Travel Allowance	198,321	154,460	-	-
Annual Bonus - 13th Cheque	46,734	132,081	-	-
Leave gratuity	-	144,526	-	-
Pension	134,471	143,268	-	-
	1,421,235	1,740,632	-	-
Remuneration of the Senior Manager Trading Enterprises - Ntinga				
Basic Salary	1,267,347	1,175,232	-	-
Travel Allowance	196,819	214,156	-	-
Annual Bonus - 13th Cheque	-	109,157	-	-
Pension	161,604	147,546	-	-
	1,625,771	1,646,091	-	-
Remuneration of the Company Secretary - Ntinga				
Basic Salary	941,884	915,332	-	-
Travel Allowance	99,545	68,355	-	-
Annual Bonus - 13th Cheque	62,315	50,417	-	-
Pension	117,319	115,131	-	-
	1,221,063	1,149,235	-	-
29. Remuneration of councillors and Board Members				
Executive Mayor	1,161,796	1,097,303	1,161,796	1,097,303
Deputy Executive Mayor	869,315	890,235	869,315	890,235
Speaker	860,555	877,953	860,555	877,953
Chief Whip	870,295	829,012	870,295	829,012
Mayoral Committee Members	4,589,122	4,589,119	4,589,122	4,589,119
Councillors	10,794,476	10,798,243	10,794,476	10,798,243
Traditional Leaders	228,715	211,560	228,715	211,560
	21,374,274	19,783,425	21,374,274	19,783,425
Board of Directors - Ntinga				
Sitting allowances and re-imbursement travel costs	1,210,707	1,021,380	-	-
Accommodation and travel costs	140,314	90,869	-	-
	1,351,021	1,112,249	-	-
	22,725,295	20,895,674	21,374,274	19,783,425
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	339,743,101	214,337,442	335,904,440	209,444,005
Intangible assets	190,661	420,243	105,975	318,118
	339,933,762	214,757,885	336,010,435	209,762,123

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Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated ²	2024	2023 Restated ²
31. Impairment Loss				
Receivables from exchange transactions impair	114,011,015	80,956,284	114,011,015	80,956,284
Asset Impairment adjustment	40,016,390	88,512,140	38,687,653	88,470,389
Derecognised assets	-	2,700,775	-	2,700,775
	154,027,405	172,169,199	152,698,668	172,127,448
32. Written offs				
Services Bad debts	3,957	41,887,906	3,957	41,887,906
Lapsed Vehicle Maintenance plan	288,366	-	288,366	-
	292,323	41,887,906	292,323	41,887,906
33. Finance Costs				
Employee benefit obligations: Interest Cost	11,868,000	19,984,000	11,868,000	19,984,000
Finance Leases	371,323	514,466	371,323	514,466
Interest paid on Overdue accounts	3,709,233	6,145,204	2,995,105	4,757,509
	15,947,556	26,643,670	15,234,428	25,255,975
34. Contracted services				
Professional Services	13,658,186	12,336,193	13,393,711	12,256,135
Outsourced Services	74,333,356	44,631,744	74,333,356	44,631,744
Contractors	68,943,876	120,118,052	60,795,325	110,344,142
	156,935,418	177,085,989	148,522,392	167,232,021
35. Transfers and Subsidies				
Transfers				
Ntinga Development Agency	-	-	52,770,606	51,016,041
	-	-	52,770,606	51,016,041
Subsidies				
Community projects	177,393,929	84,104,285	180,574,285	87,901,552
Free Basic Services	105,048,807	60,811,856	105,048,807	60,811,856
Social Aid	13,151,645	2,592,614	13,151,645	2,592,614
	295,594,381	147,510,755	298,774,737	151,306,022
	295,594,381	147,510,755	351,545,343	202,322,063
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 Ntinga 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				
Water Sales	77,948,950	47,901,079	77,948,950	47,901,079
Materials and Supplies	1,820,545	-	1,820,545	-
Inventory Consumed - Ntinga	1,374,580	10,093,977	-	-
	81,143,775	57,995,056	79,769,495	47,901,079
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	31,733,715	32,953,428	31,733,715	32,953,428
	31,733,715	32,953,428	31,733,715	32,953,428

Water Losses occur due to inter alia, leakages, the incorrect rates 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/repairs as soon as they are reported. Refer to note 2 and note 64.

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Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated*	2024	2023 Restated*
38. Operational Costs				
Advertising, Publicity and Marketing	2,236,093	2,266,330	2,114,020	2,159,929
Assets less than capital threshold	-	1,000	-	1,000
Bank Charges, Facility and Card Fees	523,995	570,982	523,995	566,615
Bargaining council	8,175,316	7,844,983	8,175,316	7,844,983
Cleaning Materials	1,202,069	925,411	1,198,933	901,003
Commission Paid	11,52,754	68,733	-	-
Communication	9,487,641	11,751,059	9,200,834	11,751,059
Courier and delivery service	1,993	891	-	-
Customer Discounts	1,461,831	399,880	1,461,831	399,880
Deeds	28,127	33,249	28,127	33,249
Municipal Services	52,742,402	35,210,280	50,577,885	33,507,298
Entertainment	27,000	25,630	27,000	25,630
Expenditure Incurred on Conditional grants	-	-	-	-
External Audit Fees	14,219,119	13,192,449	12,019,888	11,140,846
External computer services	37,489,031	7,178,493	22,316,766	6,883,742
Hire charges	12,942,214	10,894,919	12,942,214	10,894,919
Insurance underwriting	3,249,435	2,721,513	3,249,435	2,721,513
Leashership and Internships	2,140,139	12,900,896	1,866,527	12,725,319
Licences	1,054,978	1,027,939	1,054,978	1,027,939
Other Operational Costs	482,375	641,446	-	-
Parking Fees	308,000	308,000	308,000	308,000
Printing, publications and books	2,377,813	3,270,172	2,195,551	3,141,966
Professional bodies, membership and subscription	256,204	144,289	146,787	144,289
Registration Fees	523,258	345,495	523,258	330,582
Travelling and Subsistence	33,228,920	32,117,034	32,923,907	31,719,357
Uniform and protective clothing	966,700	3,970,245	925,640	3,840,661
Vehicle Tracking	445,891	137,006	445,891	137,006
Wet fuel	13,946,527	21,224,183	12,582,701	20,707,799
	199,835,035	169,172,807	176,929,484	163,112,404
39. Gains / (Losses) on disposal of assets				
Losses				
Losses on sale of Furniture and office Equipment	152,603	-	152,603	-
Losses on sale of Computer equipment	27,514	-	27,514	-
Machinery and Equipment	-	2,208	-	2,208
Infrastructure Assets	18,180,284	-	18,180,284	-
	18,360,401	2,208	18,360,401	2,208
Proceeds: Furniture, Computers and Machinery	-	-	-	-
Carrying Value: Furniture, Computers and Machinery	-	-	-	-
	-	-	-	-
Gains				
Gains on sale of Transport asset	(169,665)	(9,251)	(163,350)	-
	(169,665)	(9,251)	(163,350)	-
Proceeds: Transport asset	(163,350)	2,208	(163,350)	2,208
Carrying Value: Furniture, Computers and Machi	182,144	-	182,144	-
Carrying Value: Infrastructure Assets	18,180,284	2,208	18,180,284	2,208
Carrying value: Vehicles Sold	-	-	-	-
	18,199,078	4,416	18,199,078	4,416
	18,190,736	(7,043)	18,197,051	2,208
40. Reversal of impairment				
PPE - Infrastructure Assets	4,468,088	4,224,045	4,468,088	4,224,045
Leave Provision Adjustment	-	2,802,010	-	2,499,422
	4,468,088	7,026,055	4,468,088	6,723,467
41. Actuarial Gains / (Losses)				
Health Care Benefits	-	1,564,000	-	1,564,000
Long Service Awards	2,601,000	73,708,000	2,601,000	73,708,000
	2,601,000	75,272,000	2,601,000	75,272,000

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Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated*	2024	2023 Restated*
42. Financial Instruments disclosure				
ECONOMIC ENTITY - Categories of financial Instruments				
Financial assets				
Receivables from Exchange - Sewerage	36,980,855	29,598,538		
Receivables from Exchange - Water	133,449,580	105,042,774		
Receivables from Exchange - Other Receivables	29,235,271	26,094,785		
Receivables from Non-Exchange - Short-Term Loans	363,321	454,737		
Receivables from Non-Exchange - Human Settlement	18,448,736	-		
Receivables from Non-Exchange - Sundry debtors	51,051	631,365		
Cash and cash equivalents - Call deposits	506,382,439	181,927,895		
Cash and cash equivalents - Bank Balances	-	285,918,174		
Cash and cash equivalents - Petty Cash	17,950	3,631		
	724,929,202	629,671,899		
Financial liabilities				
Payables from exchange transactions - Trade Creditors	223,446,514	310,325,426		
Payables from exchange transactions - Retentions	80,132,309	73,922,729		
Payables from exchange transactions - Other Creditors	10,711,706	4,891,096		
Payables from Non-Exchange transactions	44,647,976	46,185,326		
Cash and cash equivalents - Bank Balances	32,068,607	-		
	391,007,112	435,324,577		
CONTROLLING ENTITY - Categories of financial Instruments				
Financial assets				
Receivables from Exchange - Sewerage	36,980,855	29,598,538		
Receivables from Exchange - Water	133,449,580	105,042,774		
Receivables from Exchange - Other Receivables	28,577,698	24,365,314		
Receivables from Non-Exchange - Short-Term Loans	363,321	454,737		
Receivables from Non-Exchange - Human Settlement	18,448,736	-		
Receivables from Non-Exchange - Sundry debtors	27	584,965		
Cash and cash equivalents - Call deposits	500,104,302	179,261,216		
Cash and cash equivalents - Bank Balances	-	284,894,242		
Financial liabilities				
Payables from exchange transactions - Trade Creditors	224,185,304	303,667,139		
Payables from exchange transactions - Retentions	80,132,309	73,922,729		
Payables from exchange transactions - Other Creditors	4,827,968	4,827,968		
Payables from Non-Exchange transactions	44,201,002	45,738,352		
Cash and cash equivalents - Bank Balances	32,068,607	-		
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 Ntanga Development Agency is wholly controlled by the municipality.				
OR Tambo Ntanga Development Agency is utilizing 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 of Port St Johns, the 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 impounded 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)			Controlled entity (Ntanga)	
Mase R.P.	Municipal Manager		Mibilo L.	Chief Executive Officer
Ndikiso S.	Chief Financial Officer		Sentwa S.	Chief Financial Officer
Matomeka B.	Director: Strategic Planning and Governance		Mthwetyana-Zembe D.	Corporate Service Manager
Nkuthi V.	Director: Rural Economic Development Programme		Zilindola M.	Senior Manager Trading Enterprises
Mazibizela L.	Director: Community Services		Ndodwana S.	Company Secretary
Gqiba S.D.	Director: Infrastructure, Water and Sanitation			
Nombasa L.	Director: Corporate Services			
Purchases from Related Parties				
The municipality did not buy goods from any companies which can be considered to be Related Parties.				

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	Economic Entity	Controlling Entity
Figures in Rand		
43. Related Party Transactions (Continued)		
Other Related Party Transactions		
<u>Grants paid by the Municipality:</u>		
Grants paid to Ntanga OR Tambo Development Agency include funds for administration costs and operations at Adam Kok Farms. A breakdown of Ntanga OR Tambo Development Agency transactions is as follows:		
Ntanga OR Tambo Development Agency - Operational Grants	52,770,606	52,011,548
	<u>52,770,606</u>	<u>104,023,096</u>

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 Ntanga 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 arrangements with Ntanga Development Agency

The Entity is assigned a function of repairing 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.

44. Principal and Agents Related TransactionsPrincipal - Eastern Cape Department of Housing

In 2020/21 the municipality entered into new agreements with the Eastern Cape Department of Housing wherein the municipality was appointed as an 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.

<u>Transactions</u>	2,674,511	(5,004,514)	2,674,511	(5,004,514)
Opening balance	85,229,350	54,956,892	85,229,350	54,956,892
Housing Grant Received	(106,352,596)	(47,777,867)	(106,352,596)	(47,777,867)
Expenditure	(18,448,735)	2,674,511	(18,448,735)	2,674,511
Unspent at year end	(18,448,735)	2,674,511	(18,448,735)	2,674,511
Eastern Cape: Department of Human Settlement	(18,448,735)	2,674,511	(18,448,735)	2,674,511
National: Department of Human Settlement	41,000,000	41,000,000	41,000,000	41,000,000
	<u>22,551,265</u>	<u>43,674,511</u>	<u>22,551,265</u>	<u>43,674,511</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 as at end of year:

Outstanding Amatola Water Payments	170,668	97,511,250	170,668	97,511,250
	<u>170,668</u>	<u>97,511,250</u>	<u>170,668</u>	<u>97,511,250</u>
Agency Fees Paid	4,309,884	4,411,770	4,309,884	4,411,770
	<u>4,309,884</u>	<u>4,411,770</u>	<u>4,309,884</u>	<u>4,411,770</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. CommitmentsAuthorised capital expenditureAlready contracted for but not provided for

- Infrastructure

Not yet contracted for and authorised by accounting officer

- Infrastructure

Total commitmentsAuthorised capital expenditure

	886,175,265	929,254,612	886,113,970	929,193,317
	<u>886,175,265</u>	<u>929,254,612</u>	<u>886,113,970</u>	<u>929,193,317</u>

This committed expenditure relates to infrastructure and will be financed from Government grants.

OR Tambo District Municipality

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	Economic Entity	Controlling Entity
Figures in Rand		
46. Contingencies		
<u>Controlling Entity</u>		
<u>Contingent Liabilities</u>		
General Claims:		
- Keightley and Sigaba - Mvezo Plant and Civils filed a claim against the municipality for breach of cessation agreement.	970,000	970,000
- Keightley Inc. - Ungabondu 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
- SKR Consultants - The applicant demands payment for the services rendered	-	420,900
- Nwale and Sons - The applicant demands payment for the services rendered	500,000	-
- Ilwe Planning Consultancy - The applicant demands payment for the services rendered	1,800,000	1,793,467
Labour Related Claims:		
- Marithana Incorporated - Claim by dismissed employee to be reinstated to employment.	-	-
- Breen Beude & Vlok - 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.	-	-
- Mthobane Inc. - Claim by dismissed employee for review of the arbitration award.	-	-
- Filele Nkoyiya & Associates - Claim by dismissed employee to be reinstated to employment.	-	-
- Palade attorneys - Claim by dismissed employee to be reinstated to employment.	-	-

Other Claims:Claims for damages suffered due to loss of life

- John Attorneys - Claims for three children drowned in the trench in Payne's Farm	10,050,000	10,050,000
- Mvuso Nkoyel Attorneys - Claim for a child drowned in Gumbu	-	2,000,000
	<u>10,050,000</u>	<u>12,050,000</u>

Claims for damages to property

- Uthana Dwenga & Others - Claim for loss of income by hawkers in York Road Mthatha	-	-
	<u>29,449,025</u>	<u>31,363,392</u>

Settlement Assets(i) Payment of Covid-19 allowance for level 3:

The municipality 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. Consultation has been done and the report has been taken to the council.

Controlled Entity

Hyndra Mphahle V Ntanga OR Tambo Development Agency Soc Ltd - The plaintiff is suing Ntanga for malicious arrest and prosecution stemming from a charge of theft layed with the police. At the time of the charges the plaintiff was an employee with the position of Dairy Manager and Administrative Bookkeeper at Ilweid Dairy Farm. The former employee is accused of stealing milk to the amount of R37272.60 between 01 - 16 September 2017 and 01 January 2018 to 31 March 2018.	3,055,000	3,055,000
	<u>3,055,000</u>	<u>3,055,000</u>

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	13,911,309	266,656	14,177,965	P_01	11,577,626	266,656	11,844,282
Receivables from Exchange Transactions	159,892,079	844,018	160,736,097	P_02	158,162,608	844,018	159,006,626
Receivables from Non-exchange Transactions	1,086,102	-	1,086,102		1,039,702	-	1,039,702
Prepayments	795,388	-	795,388		535,980	-	535,980
Statutory Receivables	51,182,085	978,376	52,160,461	P_03	51,182,085	978,376	52,160,461
Cash and Cash Equivalents	467,849,700	-	467,849,700		464,155,458	-	464,155,458
Property, Plant and Equipment	8,048,716,764	106,566,863	8,155,283,627	P_04	8,000,777,613	106,566,863	8,107,344,476
Intangible assets	436,162	-	436,162		317,927	-	317,927
Heritage Assets	247,025	-	247,025		247,025	-	247,025
Biological Assets	13,732,164	-	13,732,164		-	-	-
Consumer Deposits	(3,648,876)	-	(3,648,876)		(3,648,876)	-	(3,648,876)
Employee Benefit Liabilities	(85,004,213)	-	(85,004,213)		(80,007,890)	-	(80,007,890)
Payables from Exchange Transactions	(420,627,946)	3,698,141	(416,929,805)	P_05	(425,415,270)	15,206,837	(410,208,433)
Payables from Non-exchange Transactions	(46,568,491)	183,124	(46,385,367)	P_06	(45,921,476)	183,124	(45,738,352)
Unspent Conditional Grants and Receipts	(111,991,050)	-	(111,991,050)		(111,991,050)	-	(111,991,050)
VAT Payable	(14,832,454)	-	(14,832,454)		-	-	-
Current Portion of Long-term Liabilities	(3,433,045)	-	(3,433,045)		(3,342,978)	-	(3,342,978)
Finance Lease Liabilities	(2,451,045)	-	(2,451,045)		(2,446,018)	-	(2,446,018)
Employee Benefit Liabilities	(95,806,000)	-	(95,806,000)		(95,806,000)	-	(95,806,000)
Revaluation Surplus	(17,977,458)	-	(17,977,458)		(17,977,458)	-	(17,977,458)
Accumulated Surplus	(7,381,977,116)	(112,537,178)	(7,494,514,294)	P_06	(7,901,439,013)	(124,045,874)	- 8,025,484,886.91
	<u>573,531,864</u>	<u>0</u>	<u>573,531,864</u>		<u>0</u>	<u>0</u>	<u>0</u>

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Figures in Rand	Economic Entity			Controlling Entity		
	As previously reported	Correction of error	Restated	As previously reported	Correction of error	Restated
Statement of Financial Performance						
Service Charges	(288,341,300)	-	(288,341,300)	(288,341,300)	-	(288,341,300)
Rental of Facilities and Equipment	(243,739)	-	(243,739)	(739)	-	(739)
Interest Earned - External Investments	(40,196,276)	-	(40,196,276)	(40,004,185)	-	(40,004,185)
Interest Earned - Outstanding Debtors	(41,602,138)	-	(41,602,138)	(41,602,138)	-	(41,602,138)
Operational revenue	(11,452,870)	(1,026,745)	(12,479,615)	-	(1,026,745)	(1,026,745)
Income from Agency Services	(251,348)	-	(251,348)	(176,050)	-	(176,050)
Government Grants and Subsidies Received	(1,831,280,743)	-	(1,831,280,743)	(1,831,280,743)	-	(1,831,280,743)
Employee Related Costs	741,537,354	(50,879,460)	690,657,894	701,447,980	(50,879,460)	650,568,520
Remuneration of Council and Board Members	20,895,674	-	20,895,674	19,783,425	-	19,783,425
Depreciation and Amortisation	192,799,949	21,957,936	214,757,885	188,026,187	21,957,936	209,984,123
Impairment Losses	172,169,199	-	172,169,199	172,127,448	-	172,127,448
Bad Debts Written off	41,887,906	-	41,887,906	41,887,906	-	41,887,906
Finance Costs	25,988,117	655,553	26,643,670	24,600,422	655,553	25,255,975
Contracted Services	173,667,686	3,418,303	177,085,989	163,813,718	3,418,303	167,232,021
Transfers and Subsidies	106,705,771	40,804,984	147,510,755	161,517,079	40,804,984	202,322,063
Inventory Consumed	46,619,854	11,375,202	57,995,056	36,525,877	11,375,202	47,901,079
Inventory Losses	8,564,075	24,389,353	32,953,428	8,564,075	24,389,353	32,953,428
Operational Costs	192,870,323	(23,697,816)	169,172,507	186,810,420	(23,697,816)	163,112,604
Gains / (Losses) on disposal of assets	(7,043)	-	(7,043)	2,208	-	2,208
Reversal of Impairment	(7,026,055)	-	(7,026,055)	(6,723,467)	-	(6,723,467)
Actualised Gains / (Losses)	(75,274,000)	-	(75,274,000)	(75,274,000)	-	(75,274,000)
Biological Assets - Gains	(374,374)	-	(374,374)	-	-	-
Gains / (Losses) on disposal of Biological Assets	(1,568,086)	-	(1,568,086)	-	-	-
Biological Assets - Losses	381,000	-	381,000	-	-	-
	(573,531,064)	26,997,310	(546,533,754)	(578,295,874)	26,997,310	(551,298,564)
Cash Flow Statement						
Service Charges	205,287,958	(1,603,493)	203,684,465	205,287,958	(1,603,493)	203,684,465
Interest Income	57,780,406	-	57,780,406	57,588,312	-	57,588,312
Other receipts	10,617,495	1,026,746	11,644,441	513,512	1,026,746	1,540,258
Transfers and subsidies	1,753,185,509	-	1,753,185,509	1,754,812,241	-	1,754,812,241
Employee related costs	(754,379,956)	50,879,460	(703,500,496)	(711,922,430)	49,155,664	(662,766,766)
Remuneration of Councilors	(19,783,425)	-	(19,783,425)	(19,783,425)	-	(19,783,425)
Finance Costs	(6,004,117)	(655,553)	(6,659,670)	(4,614,422)	(655,553)	(5,271,975)
Supplier Paid	(329,445,896)	(21,637,214)	(351,083,110)	(305,885,060)	(18,063,755)	(323,948,815)
Other payments	(321,989,024)	(28,665,500)	(350,654,524)	(377,676,486)	(28,665,500)	(406,341,986)
Net cash flows from operating activities	595,269,150	(665,554)	594,613,596	598,318,210	1,194,109	599,512,319
Purchase of property, plant and equipment	(521,207,610)	655,554	(520,552,056)	(519,633,747)	(1,194,109)	(520,827,856)
Proceeds on Disposal of Fixed Assets	176,780	-	176,780	-	-	-
Purchase of Intangible assets	-	-	-	5,090,139	-	5,090,139
Purchase of Biological assets	-	-	-	(3,420,501)	-	(3,420,501)
Proceeds on Disposal of Biological assets	2,985,624	-	2,985,624	1,669,638	-	1,669,638
Net cash flows from investing activities	(518,045,204)	655,554	(517,389,650)	(516,294,471)	(1,194,109)	(517,488,580)
Acquisitions of Long term loans	5,392,299	-	5,392,299	5,090,139	-	5,090,139
(Repayments) of Long term loans	(3,494,823)	-	(3,494,823)	(3,420,501)	-	(3,420,501)
Net cash flows from financing activities	1,897,476	-	1,897,476	1,669,638	-	1,669,638
Net increase/(decrease) in cash and cash equivalents	79,121,420	-	79,121,420	80,354,101	-	83,693,377
Cash and cash equivalents at the beginning of the year	388,728,278	-	388,728,278	383,801,357	-	383,801,357
Cash and cash equivalents at the end of the year	467,849,698	-	467,849,698	464,155,458	-	467,494,734

Explanations

P.01 - Inventory

Inventory was adjusted as follows:

Item	Amount	Comments
Inventory	266,656	Change in Inventory cost calculation
	<u>266,656</u>	

P.02 - Receivables from Exchange Transactions

Receivables from Exchange Transactions were adjusted as follows:

Item	Amount	Comments
Outstanding Auction fees	797,035	
Unpaid Overtime omitted	46,783	
	<u>797,035</u>	

P.03 - VAT Receivables

VAT Receivable has been restated with the following:

Item	Amount	Comments
VAT on accruals omitted in the prior year	978,376	
	<u>978,376</u>	

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Figures in Rand	Economic Entity		Controlling Entity	
	Amount	Comments	Amount	Comments
47. Prior-year adjustments (Continued)				
P.04 - Property Plant and Equipment				
Property plant and equipment was restated with the following:				
Item	Amount	Comments	Amount	Comments
Furniture and Office Equipment	228,529	Newly identified assets	228,529	
Infrastructure	542,528,993	Completed project not transferred and Accumulated depreciation	542,528,993	
Machinery & Equipment	(500,757)	Correction of classification	(500,757)	
Infrastructure WIP	(454,547,713)	Completed project not transferred	(454,547,713)	
IT Equipment	689,717	Newly identified assets	689,717	
	<u>106,566,563</u>		<u>106,566,563</u>	
P.05 - Payables from Exchange transactions:				
Payables from Exchange Transactions were adjusted with the following:				
Item	Amount	Comments	Amount	Comments
Recording of omitted accruals	(3,698,141)		(3,698,141)	
Reversal of cancelled expenditure transaction	(183,124)		(183,124)	
P.06 - Accumulated Surplus				
Accumulated Surplus was restated with the following:				
Item	Amount	Comments	Amount	Comments
Contracted Services	1,943,685	Prior year omitted credits	1,943,685	
Accounts Payables - Retentions	(25,652,939)	Correction of overstated retentions	(25,652,939)	
Receivables from exchange transactions	(28,158)	Receivables from Exchange	(28,158)	
Property, Plant and Equipment	(105,372,813)	Reassessment of fully depreciated assets and newly identified assets	(105,372,813)	
Operational Costs	(23,697,816)	Prior year omitted credits	(23,697,816)	
Inventory Consumed	11,375,202	Adjustments resulting from correction of water processing costs	11,375,202	
Contracted Services	3,418,303	Prior year omitted credits	3,418,303	
Finance Costs	655,553	Accruals omitted in the prior year.	655,553	
Transfers & Subsidies - Made	40,804,984	Accruals omitted in the prior year.	40,804,984	
Inventory Losses	24,389,353	Adjustments resulting from correction of water processing costs	24,389,353	
Employee Related Cost	(30,884,546)	Correction of Overtime cut-off	(30,884,546)	
Revenue - Other	(1,026,745)	Revenue resulting from court orders issued in favour of OR Tambo DM	(1,026,745)	
Payables from exchange transactions	11,508,696	Prior year omitted credits	11,508,696	
	<u>(112,537,242)</u>		<u>(112,537,242)</u>	
P.07 - Operational revenue				
Operational revenue has been adjusted with the following:				
Item	Amount	Comments	Amount	Comments
Operational revenue	(1,026,745)	Revenue accrued as result of court orders in favour of OR	(1,026,745)	
	<u>(1,026,745)</u>		<u>(1,026,745)</u>	
P.08 - Employee Related Costs				
Employee Related Costs have been adjusted with the following:				
Item	Amount	Comments	Amount	Comments
Employee Related Costs	(50,879,460)	Salaries for process controllers	(50,879,460)	
	<u>(50,879,460)</u>		<u>(50,879,460)</u>	
P.09 - Depreciation and Amortisation				
Depreciation and Amortisation have been adjusted with the following:				
Item	Amount	Comments	Amount	Comments
Depreciation and Amortisation	21,957,936	Depreciation resulting from assessment of RUL	21,957,936	
	<u>21,957,936</u>		<u>21,957,936</u>	
P.10 - Finance Costs				
Item	Amount	Comments	Amount	Comments
Omitted accruals	655,553	Accruals omitted in the prior year.	655,553	
	<u>655,553</u>		<u>655,553</u>	
P.11 - Contracted Services				
Item	Amount	Comments	Amount	Comments
Contracted Services	3,418,303	Accruals omitted in the prior year.	3,418,303	
	<u>3,418,303</u>		<u>3,418,303</u>	
P.12 - Transfers and subsidies				
Item	Amount	Comments	Amount	Comments
Transfers and subsidies	40,804,984	Accruals omitted in the prior year.	40,804,984	
	<u>40,804,984</u>		<u>40,804,984</u>	
P.13 - Inventory Consumed				
Item	Amount	Comments	Amount	Comments
Inventory Consumed	11,375,202	Recalculation of inventory cost	11,375,202	
	<u>11,375,202</u>		<u>11,375,202</u>	
P.14 - Inventory Losses				
Item	Amount	Comments	Amount	Comments
Inventory Losses	24,389,353	Recalculation of inventory cost	24,389,353	
	<u>24,389,353</u>		<u>24,389,353</u>	
P.15 - Operational Costs				
Item	Amount	Comments	Amount	Comments
Operational Costs	(23,697,816)	Accruals omitted in the prior year.	(23,697,816)	
	<u>(23,697,816)</u>		<u>(23,697,816)</u>	

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	Economic Entity	Controlling Entity
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47. Prior-year adjustments (Continued)

Cash Flow Statement

Cash Flow Statement was affected by the changes mentioned above.

Capital Commitments

Capital commitments have been restated from R815 012 493 to R929 193 317

Fulfilment and Wasteful Expenditure

Fulfilment and wasteful expenditure has been restated by R655 553 being an interest paid on construction overdue payment, this interest was included in the WP in the prior year.

Irregular Expenditure

Irregular expenditure has been restated by R59 617 075 being payments made to contractors appointed in a panel for construction RDP houses on behalf of Eastern Cape Department of Human Settlements.

48. Change in Accounting Estimates

During the financial year, the useful life of the following assets were re-assessed based on their condition resulting in an overall increase in the depreciation charge.

	Infrastructure Assets	Total
Before change in useful life	269 174 557	269 174 557
After change in useful life	313 599 257	313 599 257
Additional depreciation provided	(44 424 700)	(44 424 700)

49. Comparative figures

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 47).

50. 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.

Financial liabilities - Amortised at cost	2024	Less than 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - Trade Creditors	223,446,514	223,446,514	-	-
Payables from exchange transactions - Retentions	80,132,309	80,132,309	-	-
Payables from exchange transactions - Other Creditors	10,711,706	10,711,706	-	-
Payables from Non-Exchange transactions	44,647,976	44,647,976	-	-
Consumer Deposits	4,081,243	4,081,243	-	-
Long-term and Current portion of Finance Lease Liabilities	2,036,643	2,036,643	1,016,146	-
Cash and cash equivalents - Bank balances	32,068,607	32,068,607	-	-
Financial liabilities - Amortised at cost	2023	Less than 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - Trade Creditors	310,325,426	310,325,426	-	-
Payables from exchange transactions - Retentions	73,922,729	73,922,729	-	-
Payables from exchange transactions - Other Creditors	4,891,096	4,891,096	-	-
Payables from Non-Exchange transactions	46,185,326	46,185,326	-	-
Consumer Deposits	3,648,876	3,648,876	-	-
Long-term and Current portion of Finance Lease Liabilities	3,433,045	3,433,045	2,651,065	-

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:

Financial assets - Amortised at cost	2024	2023
Receivables from Exchange - Sewerage	36,980,855	29,598,538
Receivables from Exchange - Water	133,449,580	105,042,774
Receivables from Exchange - Other Receivables	29,235,271	26,094,785
Receivables from Non-Exchange - Short-term Loans	363,321	454,737
Receivables from Non-Exchange - Human Settlements	18,488,736	-
Receivables from Non-Exchange - Sundry debtors	51,051	631,365
Cash and cash equivalents - Call deposits	506,382,439	181,927,895
Cash and cash equivalents - Bank balances	-	285,918,174
Cash and cash equivalents - Petty Cash	17,950	3,631

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.

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	Economic Entity	Controlling Entity
Figures in Rand		

50. Risk management (Continued)

Consumer Debtors comprise of a large number of service debtors, dispersed across different industries 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", "restriction 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.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates of 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 2024 would have increased / decreased by (R4 627 171 (30 June 2023: R5 465 338)). 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 of 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/Bank, Cash and Cash Equivalents

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 at 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.

51. Going concern

Based on the assessment performed by management at end of June 2024, the overall financial condition of the municipality has improved and the financial ratios are showing positive signs as compared to previous years. Management believes that the Municipality will continue operating in the foreseeable future.

52. Events after the reporting date

The President has issued proclamation 172 of 2024 for the Special Investigative Unit (SIU) to investigate allegations which took place between 1 January 2018 and the date of publication of the Proclamation.

On the 30th of August 2024 the council received and accepted the resignation of the Speaker and Council Whip honourable Councillor Nkane and Councillor Ngangwa respectively. Subsequently, the following elections took place: Speaker; councillor Ngangwa, Deputy Executive Mayor Cllr: Sabba, and the Chief whip, Cllr: Mombale-Cingo. The Executive Mayor appointed Councillor Nkane as the new MMC for Human Settlements replacing Councillor Sabba.

53. Private Public Partnerships

The municipality was not a party to any Private Public Partnerships during the year under review.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated*	2024	2023 Restated*
54. Unauthorised expenditure				
Opening balance	104,400,727	38,189,089	104,400,727	38,189,089
Add: Unauthorised expenditure - current year - per vote	264,984,966	71,351,915	264,984,966	71,351,915
Less: Amounts written off	(102,035,872)	(5,140,277)	(102,035,872)	(5,140,277)
	267,349,820	104,400,727	267,349,820	104,400,727

The over expenditure incurred by the municipal departments during the year is attributable to the following categories:

Non-cash Items	241,905,968	68,838,413	241,905,968	68,838,413
Cash Items	23,078,997	2,513,503	23,078,997	2,513,503
	264,984,966	71,351,915	264,984,966	71,351,915

Analysed as follows: Non-cash Items

Depreciation and amortisation	191,989,943	-	191,989,943	-
Loss on derecognition of Infrastructure assets	18,180,264	-	18,180,264	-
Water losses	31,733,715	-	31,733,715	-
Loss on disposal of property, plant and equipment	2,027	-	2,027	-
Provision for impairment	-	68,838,413	-	68,838,413
	241,905,968	68,838,413	241,905,968	68,838,413

Analysed as follows: Cash Items

Employee-related costs	23,078,997	2,513,503	23,078,997	2,513,503
	23,078,997	2,513,503	23,078,997	2,513,503

Unauthorised expenditure: Budget overspending - per municipal department

Rural and Economic Development Planning	-	1,345,798	-	1,345,798
Council and Committees	-	1,167,705	-	1,167,705
Infrastructure, Water and Sanitation	264,984,966	68,838,413	264,984,966	68,838,413
	264,984,966	71,351,915	264,984,966	71,351,915

The municipality exceeded its overall adjusted budget by R87 383 773 (Total budget: R2 752 371 024 - Total expenditure: R2 839 754 797)

55. Fructose and wasteful expenditure				
Opening balance	71,679,573	56,343,858	70,237,342	56,342,306
Restatements	-	(1,217,676)	-	(1,217,676)
Restated balance	71,679,573	55,126,182	70,237,342	55,124,630
Add: Fructose expenditure - current year	3,689,822	17,060,044	3,085,539	15,617,813
Less: Amounts written off	(23,125,259)	(505,101)	(23,125,259)	(505,101)
Less: Amounts recovered	-	(1,552)	-	-
	52,244,136	71,679,573	50,197,622	70,237,342

Controlling Entity

Fructose and wasteful expenditure has been restated by R655 552 being penalties on construction project included in the WIP in the prior year.

Controlled Entity Incidents	Disciplinary steps taken/criminal proceedings
Interest and penalties were incurred in relation to over due amounts for South African Revenue Services - VAT (R430,086) and O.R. Tambo District Municipality - Water provisioning (R 114,784) and Office of Auditor General (R 59,409)	Processes to have amnesty in relation to these amounts are being followed with these Institutions.

56. Irregular Expenditure

Restated Opening balance	1,060,137,239	1,805,746,758	1,057,306,409	1,804,174,054
Add: Irregular Expenditure - current year	122,120,918	172,024,139	122,120,918	170,764,013
Irregular Expenditure relating to contracts awarded in the current period	-	14,403,064	-	14,403,064
Irregular Expenditure relating to contracts awarded in prior periods	122,120,918	157,621,074	122,120,918	156,362,948
Restatements - Irregular Expenditure current year	-	59,617,075	-	59,617,075
Irregular Expenditure relating to contracts awarded in the current period	-	-	-	-
Irregular Expenditure relating to contracts awarded in prior periods	-	59,617,075	-	59,617,075
Less: Amounts written off	(526,366,865)	(977,250,732)	(526,366,865)	(977,250,732)
Amounts written off - current period	-	(77,856,814)	-	(77,856,814)
Amounts written off - prior periods	(526,366,865)	(899,393,918)	(526,366,865)	(899,393,918)
	655,891,292	1,060,137,239	653,060,462	1,057,306,409

Details of Irregular expenditure - current year	Disciplinary steps taken/criminal proceedings	2024	2023
Controlling Entity - Expenditure contrary to SCM Procedures on Inviting of Quotations - R0 (2023: R14,403,064)	No actions taken - to be submitted to Council for write-off	-	14,403,064
Controlling Entity - Expenditure contrary to SCM Procedures on Awarding of Contracts - R89,585,587 (2023: R156,362,948)	No actions taken - to be submitted to Council for write-off	122,120,918	215,980,023
		122,120,918	230,383,087

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated*	2024	2023 Restated*
57. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to organised local government - SALGA				
Opening balance	-	-	-	-
Current year subscription / fee	8,175,316	7,844,983	8,175,316	7,844,983
Amount paid - current year	(8,175,316)	(7,844,983)	(8,175,316)	(7,844,983)
	-	-	-	-

Audit fees

Opening balance	2,375,933	2,852,247	-	1,300,511
Current year subscription / fee	1,234,135	13,867,294	13,862,872	11,511,461
Amount paid - current year	(18,384,939)	(13,063,197)	(13,786,128)	(11,511,461)
Amount paid - previous years	-	(1,300,511)	-	(1,300,511)
	225,129	2,875,933	42,744	-

The balance unpaid represents the audit fee for an audit conducted during May and June 2024 and is payable by 31 July 2024.

PAYE and UIF

Opening balance	125,803	764,338	-	-
Current year subscription / fee	153,903,366	146,918,148	145,595,703	138,907,721
Amount paid - current year	(153,033,377)	(147,556,483)	(145,595,703)	(138,907,721)
Amount paid - previous years	-	-	-	-
	995,792	125,803	-	-

The balance represents PAYE, SDL and UIF deducted from the June 2024 payroll. These amounts were paid during July 2024.

Pension and Medical Aid Deductions

Opening balance	114,077	113,875	-	-
Current year subscription / fee	144,002,925	138,149,894	141,453,045	133,497,427
Amount paid - current year	(144,002,925)	(138,149,892)	(141,453,045)	(133,497,427)
	114,077	114,077	-	-

VAT

VAT receivable	38,916,684	52,160,461	38,653,684	52,160,461
VAT Payable	(11,622,920)	(14,832,455)	-	-
	27,293,764	37,328,006	38,653,684	52,160,461

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.

Councilors' arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days at 30 June 2024:

	Outstanding more than 90 days	Total	Outstanding more than 90 days	Total
30 June 2024				
Knock E.	76,619	76,619	76,619	76,619
Nqongqwa N.	142	142	142	142
Sokanyile T.	226	226	226	226
	76,987	76,987	76,987	76,987
30 June 2023				
Knock E.	19,465	19,465	19,465	19,465
Nqongqwa N.	5,107	5,107	5,107	5,107
Sokanyile T.	3,547	3,547	3,547	3,547
	28,119	28,119	28,119	28,119

Cllr Nqongqwa settled the outstanding amount subsequent to year while Cllr Knock has a standing arrangement with the municipality to settle the outstanding balance.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated*	2024	2023 Restated*

58. 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 in the service of state:

Supplier Name	Name of employee	Organisation	Employee Title	Relationship to entity director	Amount
Ntloshane Trading (Pty) Ltd	Phikani Nomvelo	OR Tambo DM	Sr Admin Officer-Finance	Spouse	551,135

59. Deviation from supply chain management regulations

Paragraph 12(1) of Government gazette No. 27636 issued on 30 May 2005 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 36 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 suppliers and impracticality in following the official procurement processes.

Incident	910,226	43,371,389	910,226	43,371,389
Emergency in terms of SCM Policy	13,232,934	8,732,966	247,091	-
Impractical to obtain quotations	14,331,700	22,772,021	14,331,700	22,772,021
Sole provider of goods and services in area	<u>28,474,859</u>	<u>74,876,998</u>	<u>15,489,017</u>	<u>66,143,410</u>

Controlling Entity (OR Tambo DM): 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 John's Infrastructure damaged roads 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 (Caltex), SIM Connexions, Umdimvubu Motors, Atlantic Star.

Impracticality- Repairs and Maintenance of vehicles

Toyota (Buffalo Toyota), New Age Fleet Maintenance, NIT Motors, Rolleys Motors, Panel City Panel beaters, S&K, Griqua Truck, Jemic Motors and NRG office solutions and Landrover and Volvo East London

Impracticality- Professional bodies

Institute of Risk Management South Africa, Institute of Internal Auditors, Institute of Municipal Practitioners, SAMEA, Chartered Institute of Procurement and Supply Chain, Institute of People Management, SACPCMP, SABPP, CIOFARO, Employee Assistance Professional Association and IMPSA.

Impracticality- Rental of parking space

Umlutha Club

Emergency- Other

SMS ICT Choice
PK Valves
Teloka Consulting Engineers

Controlled Entity (Ntanga): 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 at least three quotations.

60. Separate Financial Statements

The OR Tambo DM does not meet all the requirement for preparing separate Financial Statement 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 Ntanga and OR Tambo DM AS as there is no other parent entity that will prepare consolidation other than OR Tambo DM itself.

61. 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 (Ntanga) and it is itself (OR Tambo DM) not a subsidiary of another entity.

62. Disclosure of Interests in Other Entities

The OR Tambo DM did not have any in other entities except for Ntanga 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 Ntanga 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 Ntanga Development Agency
- Rights to appoint, resign or remove Board members of Ntanga Development Agency
- Rights to approve or veto operating and capital budgets relating to the relevant activities of Ntanga Development Agency
- Rights to direct Ntanga Development Agency to enter into, or veto any changes to, transactions for its benefit.
- Rights to veto key changes to Ntanga Development Agency, such as the sale of a major asset

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2024	2023 Restated*	2024	2023 Restated*

62. Disclosure of Interests in Other Entities (Continued)

Interests in controlled entities

- Ntanga 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 Ntanga Development Agency.
- Ntanga 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 Ntanga development Agency is the ultimately responsible for the risks associated with its interests in Ntanga development Agency.
- There were no changes in the ownership interest in Ntanga development Agency that do not result in a loss of control during the current financial year

63. Living and Non-living resources

Non-living resourcesWater

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 (Ntanga Development Agency) and will be accounted for in the Consolidated Annual Financial Statement in line with GRAP 27.

64. Bulk Water Losses in terms of section 125 of the MFMA

	Last Units	Tariff	Value	Last Units	Tariff	Value
30 June 2024 - Unaccounted Water Losses	4,497,306	7,05616	31,733,715	4,497,306	7,05616	31,733,715
30 June 2023 - Unaccounted Water Losses	7,026,513	4,68605	32,926,563	7,026,513	4,68605	32,926,563

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/repaid as soon as they are reported.

Volumes in KL / year

Water Inventory - opening balance	83,626	81,094	83,626	81,094
System input volume	26,742,532	29,414,570	26,742,532	29,414,570
Billed Consumption	(11,046,936)	(10,213,734)	(11,046,936)	(10,213,734)
Free Basic Water provided	(11,208,644)	(12,171,791)	(11,208,644)	(12,171,791)
Water Inventory - closing balance	(73,252)	(83,626)	(73,252)	(83,626)
Distribution loss	<u>(4,497,306)</u>	<u>(7,026,513)</u>	<u>(4,497,306)</u>	<u>(7,026,513)</u>
	-	-	-	-

Percentage Distribution Loss	-17%	-24%	-17%	-24%
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65. Segment Reporting

Controlling EntityFactors 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 segmentsWater and Sanitation

Water and Sanitation segment provides water and sanitation services to King Sabata Dalindyebo, Mthatha, Nyandeni, Port Saint John's and Ingqaza Hill municipalities. Consumers and 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, Mthatha, Nyandeni, Port Saint John's and Ingqaza Hill municipalities. This services is provided for free.

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:

- Umdanku Red Meat Abattoir. It is based in Mthatha and its main activity is the provision of slaughter services as well as meat sales.
- Adam Kok Farms. Farms are based in Kokstad and are operated for livestock and crop production.
- Koi Fresh Produce Market. The market is based in Mthatha. It is a platform wherein farmers bring their produce for sale. The Entity generates as revenue commission on sales. Space and equipment are also rented out at a fee.
- The Entity's mandate includes the repairs 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.

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Segment Statement of Financial Performance - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umlakonto Red Meat Abattoir	Adam Kok Farms	Kel Fresh Produce Market	Other Departments	Totals 2024	2023	*Revised
65. Segment Reporting (Continued)									
REVENUE									
Revenue from Exchange Transactions									
Service Charges	314,045,234	-	-	-	-	-	314,045,234	288,341,300	
Rental of Facilities and Equipment	-	-	-	-	253,219	-	253,219	243,739	
Interest Earned - External Investments	-	-	-	-	-	62,430,942	62,430,942	40,194,279	
Interest Earned - Outstanding Debtors	43,705,015	-	-	-	-	-	43,705,015	41,802,138	
Operational revenue	-	-	19,793,391	595,811	-	1,075,170	21,464,372	12,479,615	
Income from Agency Services	-	-	-	-	78,183	145,772	223,954	251,348	
Total revenue from exchange transactions	357,750,249	-	19,793,391	595,811	331,402	63,881,885	442,342,738	383,114,414	
Revenue from Non-exchange Transactions									
Government Grants and Subsidies Received	1,018,294,050	-	-	-	-	1,023,737,463	2,042,031,713	1,831,280,743	
Revenue from non-exchange transactions	1,018,294,050	-	-	-	-	1,023,737,463	2,042,031,713	1,831,280,743	
Total revenue	1,376,044,299	-	19,793,391	595,811	331,402	1,087,589,348	2,484,374,451	2,214,395,157	
EXPENDITURE									
Employee Related Costs	(255,581,408)	(46,844,633)	(4,794,408)	(6,409,056)	(2,572,460)	(403,118,772)	(719,310,937)	(690,657,894)	
Remuneration of Councilors	-	-	-	-	-	(22,725,295)	(22,725,295)	(20,895,674)	
Depreciation and Amortisation	(335,090,198)	(641,423)	(176,370)	(357,740)	(792,474)	(2,458,355)	(3,393,932)	(2,147,978,680)	
Impairment Losses	(152,498,448)	-	-	-	-	(1,328,737)	(154,027,405)	(172,149,199)	
Bad Debts Written off	(292,323)	-	-	-	-	-	(292,323)	(41,987,906)	
Finance Costs	(2,993,105)	-	-	-	-	(12,944,451)	(15,947,556)	(26,643,670)	
Contracted Services	(37,057,917)	(56,500)	-	-	-	(119,819,001)	(156,935,418)	(177,085,989)	
Transfer and subsidies	(286,378,389)	(3,807,638)	-	-	-	(6,408,364)	(295,594,381)	(147,510,735)	
Inventory Consumed	(79,245,714)	-	-	-	-	(1,878,041)	(81,143,775)	(57,995,006)	
Inventory Losses	(31,733,715)	-	-	-	-	-	(31,733,715)	(22,953,428)	
Operational Costs	(272,795,589)	(574,795)	(12,933,313)	(5,405,553)	(2,515,471)	(103,894,928)	(199,535,531)	(168,172,927)	
Total expenditure	(1,252,384,335)	(51,747,174)	(22,914,091)	(12,372,791)	(6,280,407)	(671,774,144)	(2,017,473,680)	(1,781,729,943)	
Operating surplus	123,660,064	(51,747,174)	(3,120,700)	(11,776,980)	(5,949,005)	415,814,604	466,900,868	432,665,194	
Actuarial Gain / (Loss)	980,824	180,248	-	-	-	1,438,905	2,401,000	75,274,000	
Gain / (Loss) on Disposal of Property, Plant and Equipment	(18,147,214)	-	-	-	-	(43,522)	(18,190,736)	7,043	
Gain / (Loss) on Disposal of Biological Assets	-	-	-	3,118,479	-	-	3,118,479	1,548,096	
Biological Assets - Gains	-	-	-	4,313,744	-	-	4,313,744	374,374	
Biological Assets - Losses	-	-	-	(630,200)	-	-	(630,200)	(381,000)	
Reversal of Impairment	(4,460,088)	-	-	-	-	-	(4,460,088)	7,028,055	
	(12,498,300)	180,248	-	6,782,255	-	1,396,383	(4,337,423)	83,848,538	
Surplus for the year	110,961,764	(51,566,926)	(3,120,700)	(4,994,715)	(5,949,005)	417,210,987	462,561,425	546,533,754	

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OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Segment Statement of Financial Position as at 30 June 2024 - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umlakonto Red Meat Abattoir	Adam Kok Farms	Kel Fresh Produce Market	Other Departments	Totals 2024	2023	*Revised
65. Segment Reporting (Continued)									
CURRENT ASSETS									
Inventories	516,903	-	182,489	145,225	-	12,277,433	13,121,670	14,177,945	
Receivables from Exchange Transactions	197,797,346	-	657,573	-	-	1,210,786	199,645,705	140,736,097	
Receivables from Non-exchange Transactions	241	-	-	-	-	18,963,967	18,963,108	1,086,103	
Prepayments	247,614	-	-	-	-	259,408	507,022	795,387	
VAT Receivable	38,547,823	76,111	-	-	-	292,750	38,916,684	52,140,461	
Cash and Cash Equivalents	7,287,149	749,249	226,780	226,780	102,493	444,815,475	475,191,566	467,849,700	
244,406,676	76,111	1,589,331	375,005	102,493	499,718,939	746,765,775	676,805,713		
NON-CURRENT ASSETS									
Property, Plant and Equipment	8,320,505,872	14,428,524	1,433,351	28,881,331	4,631,139	15,114,113	8,387,194,301	8,155,283,427	
Intangible Assets	-	-	-	-	-	245,501	245,501	436,142	
Heritage Assets	-	-	-	-	-	247,025	247,025	247,025	
Biological Assets	-	-	15,633,460	-	-	15,633,461	15,633,461	13,270,144	
8,320,505,872	14,428,524	1,433,351	44,534,791	4,631,139	15,604,639	8,403,340,318	8,169,498,978		
TOTAL ASSETS	8,564,912,548	14,504,637	3,222,682	44,906,796	4,733,632	615,323,578	9,147,406,093	8,846,604,690	
CURRENT LIABILITIES									
Consumer Deposits	4,081,243	-	-	-	-	-	4,081,243	3,448,874	
Employee Benefit Liabilities - Current portion	29,330,248	5,390,673	-	-	-	48,648,013	83,388,934	85,064,213	
Payables from Exchange Transactions	-	-	-	-	-	344,525,627	344,525,627	416,929,847	
Payables from Non-exchange Transactions	241	-	-	-	-	44,647,735	44,647,976	46,185,204	
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	111,991,030	
VAT Payable	-	-	-	-	-	11,937,280	11,937,280	14,832,434	
Current Portion of Long-term Liabilities	1,799,549	3,553	-	-	-	233,521	2,036,643	3,433,045	
35,211,301	5,394,226	-	-	-	450,012,176	490,617,703	682,024,809		
NON-CURRENT LIABILITIES									
Long-term Liabilities	241,910	44,461	-	-	-	729,775	1,016,146	2,451,045	
Employee Benefit Liabilities	41,249,764	7,581,388	-	-	-	60,554,948	109,386,000	95,804,000	
41,491,674	7,625,849	-	-	-	61,284,623	110,404,146	108,457,065		
TOTAL LIABILITIES	76,702,975	13,020,075	-	-	-	511,296,799	601,021,849	790,481,874	
Net Assets	8,488,209,593	3,484,562	3,222,682	44,906,796	4,733,632	6,036,779	8,546,384,244	8,056,122,816	
Accumulated surplus / (Deficit)	8,488,209,593	3,484,562	3,222,682	44,906,796	4,733,632	(13,950,479)	8,530,404,785	8,084,022,816	
Revaluation Surplus	-	-	-	-	-	17,927,458	17,927,458	-	
8,488,209,593	3,484,562	3,222,682	44,906,796	4,733,632	4,026,779	8,548,384,243	8,084,022,816		

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OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Segment Statement of Financial Performance - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Smukhulu Red Meat Abattoir	Adam kok Farms	Kel Fresh Produce Market	Other Departments	Totals 2023
65. Segment Reporting (Continued)							
REVENUE							
Revenue from Exchange Transactions							
Service Charges	288,341,300	-	-	-	-	-	288,341,300
Rental of Facilities and Equipment	-	-	-	-	243,000	739	243,739
Interest Earned - External Investments	-	-	-	-	-	40,194,276	40,194,276
Interest Earned - Outstanding Debtors	41,602,138	-	-	-	-	-	41,602,138
Operational revenue	-	-	11,008,388	381,813	-	1,089,414	12,479,615
Income from Agency Services	-	-	-	-	75,299	174,050	251,348
Total revenue from exchange transactions	329,943,438	-	11,008,388	381,813	318,298	41,462,479	383,114,416
Revenue from Non-exchange Transactions							
Government Grants and Subsidies Received	905,425,477	43,839,488	-	-	-	981,815,778	1,831,280,743
Total revenue from non-exchange transactions	905,425,477	43,839,488	-	-	-	981,815,778	1,831,280,743
Total revenue	1,235,568,915	43,839,488	11,008,388	381,813	318,298	923,278,257	2,214,395,159
EXPENDITURE							
Employee Related Costs	(219,086,991)	(43,415,515)	(3,342,839)	(5,347,872)	(3,374,919)	(416,047,758)	(690,457,894)
Remuneration of Councillors	-	-	-	-	-	(20,895,474)	(20,895,474)
Depreciation and Amortisation	(207,004,968)	(104,149)	(294,893)	-	(649,248)	(6,484,803)	(214,157,861)
Impairment Losses	(172,127,449)	-	-	-	-	(41,751)	(172,149,200)
Bad Debts Written off	(41,887,904)	-	-	-	-	-	(41,887,904)
Finance Costs	(47,57,509)	-	-	-	-	(21,886,141)	(26,643,470)
Contracted Services	(101,440,307)	-	-	-	-	(75,445,482)	(177,085,989)
Transfers and subsidies	(144,758,981)	(425,284)	-	-	-	(2,324,888)	(147,510,750)
Inventory Consumed	(23,337,401)	-	(11,445,937)	-	-	(23,211,498)	(37,995,056)
Inventory Losses	(32,953,438)	-	-	-	-	-	(32,953,438)
Operational Costs	(58,859,034)	(150,438)	(9,411,334)	-	(1,124,483)	(99,019,017)	(149,172,507)
Total expenditure	(1,064,403,556)	(44,303,498)	(24,859,027)	(5,347,872)	(5,170,449)	(645,589,432)	(1,781,729,944)
Operating surplus	229,165,359	(644,120)	(13,846,639)	(4,966,059)	(4,852,171)	257,688,825	462,665,195
Actual Gain / (Loss)	25,149,737	5,023,390	-	-	-	45,100,872	75,274,000
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-
Gains / (Losses) on Disposal of Property, Plant and Equipment	(2,177)	(8)	-	-	-	9,220	7,043
Gains on Disposal of Biological assets	-	-	-	1,548,084	-	-	1,548,084
Biological Assets - Adjustments	-	-	-	374,374	-	-	374,374
Biological Assets - Losses	-	-	-	(881,000)	-	-	(881,000)
Reversal of Impairment	-	-	-	-	-	7,024,055	7,024,055
	25,147,561	5,023,390	-	1,561,440	-	52,136,147	83,868,558
Surplus for the year	254,312,920	4,359,270	(13,846,639)	(3,424,599)	(4,852,171)	309,824,972	546,533,752

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OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Segment Statement of Financial Position as at 30 June 2023 - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Smukhulu Red Meat Abattoir	Adam kok Farms	Kel Fresh Produce Market	Other Departments	Totals 2023
65. Segment Reporting (Continued)							
CURRENT ASSETS							
Inventories	392,195	-	82,295	2,212,884	-	11,490,589	14,177,945
Receivables from Exchange Transactions	155,980,926	-	154,713	1,624,596	-	2,973,842	160,734,097
Receivables from Non-exchange Transactions	585,177	-	-	-	-	500,925	1,086,102
Prepayments	535,939	-	-	-	-	239,408	795,387
VAT Receivable	51,430,429	25,876	-	-	-	714,157	52,140,441
Cash and Cash Equivalents	149,178,090	-	397,088	135,443	138,059	298,000,890	467,849,708
	378,692,714	25,876	434,064	3,975,125	138,059	313,939,791	696,865,713
NON-CURRENT ASSETS							
Property, Plant and Equipment	7,992,330,424	4,021,884	1,817,245	30,799,775	9,191,023	117,133,078	8,155,283,429
Intangible Assets	-	-	-	-	-	436,142	436,142
Heritage Assets	-	-	-	-	-	247,025	247,025
Biological Assets	-	-	-	13,732,143	-	-	13,732,143
	7,992,330,424	4,021,884	1,817,245	44,531,938	9,191,023	117,816,245	8,149,698,779
TOTAL ASSETS	8,370,413,430	4,047,760	2,461,311	48,507,063	9,329,082	431,756,036	8,844,864,491
CURRENT LIABILITIES							
Consumer Deposits	3,448,876	-	-	-	-	-	3,448,876
Employee Benefit Liabilities	26,731,324	5,339,305	-	-	-	52,933,555	85,004,213
Payables from Exchange Transactions	20,997,798	-	-	-	-	395,932,048	416,929,844
Payables from Non-exchange Transactions	781,521	-	-	-	-	45,403,803	46,185,324
Unspent Conditional Grants and Receipts	108,958,538	3,032,512	-	-	-	-	111,991,050
VAT Payable	-	-	-	-	-	14,832,454	14,832,454
Current Portion of Long-term Liabilities	3,295,544	1,458	-	-	-	135,843	3,433,045
	164,413,651	8,372,475	-	-	-	509,237,653	682,024,909
NON-CURRENT LIABILITIES							
Long-term liabilities	2,411,315	1,213	-	-	-	238,537	2,413,045
Employee Benefit Liabilities	22,039,448	6,393,988	-	-	-	57,402,744	85,836,180
	24,450,763	6,394,981	-	-	-	57,641,281	98,457,045
TOTAL LIABILITIES	188,834,434	14,767,476	-	-	-	566,878,934	780,481,874
Net Assets	8,171,578,786	(10,720,617)	2,461,311	48,507,063	9,329,082	(135,122,908)	8,064,022,817
Accumulated surplus / (Deficit)	8,171,578,786	(10,720,617)	2,461,311	48,507,063	9,329,082	(135,100,344)	8,068,045,339
Revaluation Surplus	-	-	-	-	-	17,977,458	17,977,458
	8,171,578,786	(10,720,617)	2,461,311	48,507,063	9,329,082	(135,122,908)	8,064,022,817

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Consolidated Annual Financial Statements for the year ended 30 June 2024

Segment Statement of Financial Performance - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & RESCUE	OTHER DEPARTMENTS	TOTALS
65. Segment Reporting (Continued)				
REVENUE				
Revenue from Exchange Transactions				
Service Charges	314,065,234	-	-	314,065,234
Rental of Facilities and Equipment	-	-	-	-
Interest Earned - External Investments	-	-	62,036,392	62,036,392
Interest Earned - Outstanding Debtors	43,705,015	-	-	43,705,015
Operational revenue	-	-	886,753	886,753
Income from Agency Services	-	-	145,773	145,773
Total revenue from exchange transactions	357,770,249	-	63,068,918	420,839,167
Revenue from Non-exchange Transactions				
Transfer revenue				
Government Grants and Subsidies Received	1,018,294,050	-	1,023,463,564	2,041,757,614
Total revenue from non-exchange transactions	1,018,294,050	-	1,023,463,564	2,041,757,614
Total revenue	1,376,064,299	-	1,086,532,482	2,462,596,781
EXPENDITURE				
Employee Related Costs	(254,878,140)	(46,844,633)	(374,174,666)	(675,897,439)
Remuneration of Councillors	-	-	(21,374,274)	(21,374,274)
Depreciation and Amortisation	(335,090,198)	(661,623)	(258,614)	(336,010,435)
Impairment Losses	(152,698,668)	-	-	(152,698,668)
Bad Debts Written off	(292,323)	-	-	(292,323)
Finance Costs	(2,995,105)	-	(12,239,323)	(15,234,428)
Contracted Services	(37,057,917)	(58,500)	(111,405,975)	(148,622,392)
Transfers and subsidies	(285,378,389)	(3,807,628)	(62,359,324)	(351,545,341)
Inventory Consumed	(79,265,714)	-	(503,781)	(79,769,495)
Inventory Losses	(31,733,715)	-	-	(31,733,715)
Operational Costs	(72,290,598)	(374,790)	(104,244,096)	(176,909,484)
Total expenditure	(1,251,680,767)	(51,747,174)	(684,560,055)	(1,988,987,996)
Operating surplus	124,383,532	(51,747,174)	399,972,427	472,608,785
Gains / (Losses) on Disposal of Property, Plant and Equipment	(18,147,214)	-	(49,837)	(18,197,051)
Reversal of Impairment	4,468,088	-	-	4,468,088
Actuarial Gain / (Loss)	980,826	180,268	1,439,905	2,601,000
	(12,698,300)	180,268	1,390,069	(11,127,963)
Surplus for the year	111,685,232	(51,566,906)	401,362,496	461,480,822

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Segment Statement of Financial Position as at 30 June 2024 - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & DISASTER	OTHER DEPARTMENTS	TOTALS
65. Segment Reporting (Continued)				
CURRENT ASSETS				
Inventories	516,503	-	11,734,989	12,251,492
Receivables from Exchange Transactions	197,797,346	-	1,210,786	199,008,132
Receivables from Non-exchange Transactions	241	-	18,811,843	18,812,084
Prepayments	247,614	-	-	247,614
VAT Receivable	38,547,823	76,111	29,750	38,653,684
Cash and Cash Equivalents	7,297,169	-	460,738,526	468,035,695
	244,406,696	76,111	492,525,894	737,008,701
NON-CURRENT ASSETS				
Property, Plant and Equipment	8,320,505,872	16,428,526	6,421,554	8,343,355,952
Intangible Assets	-	-	211,952	211,952
Heritage Assets	-	-	247,025	247,025
	8,320,505,872	16,428,526	6,880,531	8,343,814,929
TOTAL ASSETS	8,564,912,568	16,504,637	499,406,425	9,080,823,630
CURRENT LIABILITIES				
Consumer Deposits	4,081,243	-	-	4,081,243
Employee Benefit Liabilities - Current portion	29,330,248	5,390,673	43,058,364	77,779,285
Payables from Exchange Transactions	-	-	337,984,914	337,984,914
Payables from Non-exchange Transactions	241	-	44,200,761	44,201,002
Current Portion of Finance Lease Liabilities	1,799,569	3,553	1,389	1,804,511
	35,211,301	5,394,226	425,245,428	465,850,955
NON-CURRENT LIABILITIES				
Finance Lease Liabilities	241,910	44,461	355,136	641,507
Employee Benefit Liabilities	41,249,764	7,581,388	60,554,848	109,386,000
	41,491,674	7,625,849	60,911,984	110,029,507
TOTAL LIABILITIES	76,702,975	13,020,075	486,157,412	575,880,462
Net Assets	8,488,209,593	3,484,562	13,249,013	8,504,943,168
Accumulated surplus / (Deficit)	8,488,209,593	3,484,562	(4,728,445)	8,486,965,710
Revaluation Surplus	-	-	17,977,458	17,977,458
	8,488,209,593	3,484,562	13,249,013	8,504,943,168

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Consolidated Annual Financial Statements for the year ended 30 June 2024

Segment Statement of Financial Performance - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & RESCUE	OTHER DEPARTMENTS	2023 Restated*
65. Segment Reporting (Continued)				
REVENUE				
Revenue from Exchange Transactions				
Service Charges	288,341,300	-	-	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	-	-	1,026,745	1,026,745
Income from Agency Services	-	-	176,050	176,050
Total revenue from exchange transactions	329,943,438	-	41,207,716	371,151,154
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	1,235,568,915	43,839,488	923,023,494	2,202,431,897
EXPENDITURE				
Employee Related Costs	(217,360,941)	(43,415,515)	(389,792,064)	(650,568,520)
Remuneration of Councilors	-	-	(19,783,425)	(19,783,425)
Depreciation and Amortisation	(207,004,950)	(104,169)	(2,875,004)	(209,984,123)
Impairment Losses	(172,127,449)	-	-	(172,127,448)
Bad Debts Written off	(41,887,906)	-	-	(41,887,906)
Finance Costs	(4,757,509)	-	(20,498,466)	(25,255,975)
Contracted Services	(101,630,307)	-	(65,601,714)	(167,232,021)
Transfers and subsidies	(144,758,581)	(425,286)	(57,138,196)	(202,322,063)
Inventory Consumed	(23,337,401)	-	(24,563,678)	(47,901,079)
Inventory Losses	(32,953,428)	-	-	(32,953,428)
Operational Costs	(58,859,034)	(558,638)	(103,694,932)	(163,112,604)
Total expenditure	(1,004,677,506)	(44,503,608)	(683,947,479)	(1,733,128,592)
Operating surplus	230,891,409	(644,120)	239,076,015	469,303,305
Gains / (Losses) on Disposal of Property, Plant and Equipment	(2,177)	(0)	(31)	(2,208)
Reversal of Impairment	-	-	6,723,467	6,723,467
Actual Gain / (Loss)	25,149,737	5,023,390	45,100,872	75,274,000
	25,147,561	5,023,390	51,824,308	81,995,259
Surplus for the year	256,038,970	4,359,270	290,900,323	551,298,564

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Segment Statement of Financial Position as at 30 June 2023 - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & DISASTER	OTHER DEPARTMENTS	2023 Restated*
65. Segment Reporting (Continued)				
CURRENT ASSETS				
Inventories	392,195	-	11,452,087	11,844,282
Receivables from Exchange Transactions	155,980,926	-	3,025,700	159,006,626
Receivables from Non-exchange Transactions	585,177	-	454,525	1,039,702
Prepayments	535,979	-	-	535,979
VAT Receivable	51,420,429	25,876	714,157	52,140,461
Cash and Cash Equivalents	149,178,090	-	294,977,368	444,155,458
	378,092,796	25,876	310,423,837	688,742,508
NON-CURRENT ASSETS				
Property, Plant and Equipment	7,992,320,624	4,021,884	111,001,968	8,107,344,476
Intangible Assets	-	-	317,927	317,927
Heritage Assets	-	-	247,025	247,025
	7,992,320,624	4,021,884	111,566,920	8,107,909,428
TOTAL ASSETS	8,370,413,420	4,047,760	422,190,757	8,796,651,936
CURRENT LIABILITIES				
Consumer Deposits	3,648,876	-	-	3,648,876
Employee Benefit Liabilities - Current portion	26,731,374	5,339,305	47,937,211	80,007,890
Payables from Exchange Transactions	20,997,798	-	389,210,634	410,208,432
Payables from Non-exchange Transactions	781,521	-	44,956,831	45,738,352
Unspent Conditional Grants and Receipts	106,958,538	3,032,512	-	111,991,050
Current Portion of Finance Lease Liabilities	3,295,544	1,658	45,770	-
	164,413,651	8,373,475	482,150,446	651,594,600
NON-CURRENT LIABILITIES				
Finance Lease Liabilities	2,411,315	1,213	33,490	2,446,019
Employee Benefit Liabilities	32,009,668	6,393,588	57,402,744	95,806,000
	34,420,983	6,394,801	57,436,234	98,252,019
TOTAL LIABILITIES	198,834,634	14,768,276	539,586,681	749,846,619
Net Assets	8,171,578,786	(10,720,517)	(117,395,924)	8,043,462,345
Accumulated surplus / (Deficit)	8,171,578,786	(10,720,517)	(117,395,924)	8,043,462,345
	8,171,578,786	(10,720,517)	(117,395,924)	8,043,462,345

OR Tambo District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Consolidated Annual Financial Statements

	2024				2023
64. Economic Entity Cash flow Workings	Controlling Entity	Controlled Entity	Total	Inter-Co. Transactions	*Restated Economic Entity
Receipts					
Service Charges	192,681,714	-	192,681,714	-	203,684,445
Interest Income	68,554,476	594,550	69,149,026	-	57,780,456
Operational receipts	1,464,892	21,713,295	23,178,187	-	11,644,441
Transfers and subsidies	1,930,054,929	58,844,164	1,988,899,093	61,059,868	1,752,385,510
Public Contributions and Donations	-	-	-	-	-
	<u>2,192,756,011</u>	<u>81,152,010</u>	<u>2,273,908,021</u>	<u>61,059,868</u>	<u>2,025,494,822</u>
Payments					
Employee related costs	(672,599,329)	(42,983,327)	(715,582,656)	-	(705,137,254)
Remuneration of Councilors	(21,374,274)	-	(21,374,274)	-	(19,783,425)
Finance Costs	(3,366,428)	(707,128)	(4,073,556)	-	(4,659,670)
Supplies Paid	(254,098,550)	(36,438,686)	(290,537,236)	-	(347,594,669)
Other payments	(609,761,668)	-	(609,761,668)	(61,059,868)	(349,854,522)
	<u>(1,561,200,249)</u>	<u>(80,129,141)</u>	<u>(1,641,329,390)</u>	<u>(61,059,868)</u>	<u>(1,429,031,560)</u>
Net cash flows from operating activities	<u>631,555,762</u>	<u>1,022,869</u>	<u>632,578,631</u>	<u>-</u>	<u>596,463,262</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	(624,495,902)	(1,088,118)	(625,584,020)	-	(522,099,561)
Proceeds on Disposal of Fixed Assets	163,350	27,826	191,176	-	176,780
Purchase of other intangible assets	-	-	-	-	-
Purchases of heritage assets	-	-	-	-	-
Purchase of Biological assets	-	(91,000)	(91,000)	-	-
Proceeds on Disposal of Biological assets	-	3,420,479	3,420,479	-	2,985,624
Net cash flows from investing activities	<u>(624,332,552)</u>	<u>2,359,187</u>	<u>(621,973,365)</u>	<u>-</u>	<u>(518,937,157)</u>
Cash flows from financing activities					
(Repayments) / Acquisitions of Long term loans	-	169,592	169,592	-	5,090,139
(Decrease) / Increase in Long-term receivables	(3,342,973)	-	(3,342,973)	-	(3,494,823)
	<u>(3,342,973)</u>	<u>169,592</u>	<u>(3,173,381)</u>	<u>-</u>	<u>1,595,316</u>
Net increase/(decrease) in cash and cash equivalents	<u>3,880,237</u>	<u>3,461,449</u>	<u>7,341,686</u>	<u>-</u>	<u>79,121,421</u>
Cash and cash equivalents at the beginning of the year	<u>464,155,458</u>	<u>3,694,242</u>	<u>467,849,700</u>	<u>-</u>	<u>388,728,279</u>
Cash and cash equivalents at the end of the year	<u>468,035,695</u>	<u>7,155,691</u>	<u>475,191,386</u>	<u>-</u>	<u>467,849,700</u>

Inter-Company transactions

Transfers and subsidies

The R61 million relates to R54.89 million grant received from OR Tambo DM and R6.16 million for unspent ORT grant in Ntanga.

Other payments

The R61 million relates to R54.89 million grant received from OR Tambo DM and R6.16 million for unspent ORT grant in Ntanga.

