



2021 - 2022

DRAFT ANNUAL REPORT

Vision

Quality support to deliver quality services

Mission

Centre of excellence in providing quality basic services through support to local municipalities

Core Values

- 1. Commitment to the development of people*
- 2. Integrity in the performance of our duty*
- 3. Respect for our natural resources*
- 4. Transparency in accounting for our actions*
- 5. Regularly consult with customers on the level and quality of services*
- 6. Ensure higher levels of courtesy and professionalism in the workplace*
- 7. Efficient spending and responsible utilization of municipal assets*

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LIST OF ABBREVIATIONS

AC	Audit Committee
AG	Auditor-General
AO	Accounting Officer
AG Report	Auditor General's Report
CFO	Chief Financial Officer
COA	Certificate of Acceptability
COC	Code of Conduct
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs
CLLR	Councillor
COVID-19	Coronavirus Disease of 2019
CSD	Central Supplier Database
DDM	District Development Model
DEDaT	Department of Economic Development and Tourism
DHIS	District Health Information System
DORA	Division of Revenue Act 2 of 2013
DPSA	Department of Public Service and Administration
DTI	Department of Trade and Industry
ECD	Early Childhood Development Centre
EGDF	Economic Growth and Development Fund
EHP	Environmental Health Practitioner
EHS	Environmental Health Services
EPWP	Extended Public Works Programme
ETC.	Et Cetera
FAR	Fixed Asset Register

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FTE	Full-Time Equivalent (s)
GRAP	Generally Recognized Accounting Practice
IDP	Integrated Development Plan
IDP Rep Forum	IDP Representative Forum
IG	Incentive Grant
IGR	Intergovernmental Relations
ICT	Information and Communication Technology
IT	Information Technology
IMIS	Integrated Municipal Information System
IMQS	Infrastructure Management Query Software
KPI	Key Performance Indicators
LDA	Land Development Applications
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LR	Labour Relations
LUPO	Land Use Planning Ordinance
LUS	Land Use Scheme
MBD	Municipal Bid Documents
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act, 56 of 2003
MM	Municipal Manager
MoU	Memorandum of Understanding
MPAC	Municipal Publics Accounts Committee
MSA	Municipal Systems Act, 32 of 2000
mSCOA	Municipal Standard of Charts Accounts
NAEIS	National Atmospheric Emission Inventory System

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NCEDA	Northern Cape Economic Development Trade and Investment Promotion Agency
NEMA	National Environment Management Act
NDP	National Development Plan
NQF	National Qualifications Framework
OHS	Occupational Health and Safety
PDMC	Provincial Disaster Management Centre
PGDP	Provincial Growth and Development Plan
PMS	Performance Management System
PPP	Public-Private Partnerships
PSDF	Provincial Spatial Development Framework
RISFSA	Road Infrastructure Strategic Framework for South Africa
RRAMS	Rural Roads Asset Management System
SACPLAN	South African Council for Planners
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEFA	Small Enterprise Finance Agency
SALGA	South African Local Government Association
SMME	Small, Micro and Medium Enterprises
SPLUMA	Spatial Planning and Land Use Management Act
UNWTO	United Nations World Tourism Organization
ZFM DM/ ZFM	ZF Mgcawu District Municipality

CHAPTER 1

EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



Cllr MC Basson

Executive Mayor

As the Executive Mayor of the ZF Mgcawu District Municipality, I am extremely honoured to present to our constituencies and stakeholders the 2021/2022 Draft Annual Report. The Annual Report is a pivotal legislative requirement that enables us to report on our achievements, challenges and important delivery targets.

On the 14th of December 2021, 23 Councillors took their oath of office and pledged to obey the Constitution and to perform their functions and duties as Councillors of the ZF Mgcawu District Municipality to the best of their abilities.

As we start our term of office and present our first Draft Annual Report for the year under review, I want to thank the previous Council who have allowed for a seamless and uninterrupted transfer of power. This signifies the nature of our dynamic and

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vibrant systems of democracy and governance in South Africa. As newly elected Councillors, we must never forget that we are mere servants placed here to serve our communities and we must have their best interests at heart.

The 2021/2022 Annual Report of the ZF Mgcawu District Municipality has been developed in line with the National Treasury's Circular no 63 and is submitted in compliance with various pieces of legislation, such as section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127 (2) of the Local Government: Municipal Finance Management Act No 56 of 2003.

This Annual Report intends to reflect a District Municipality committed to transformation, development, and fostering good governance in the District and it is presented in observation of our legislative obligation to be an accountable and transparent institution of governance.

I would like to remind all of us that while we should acknowledge all we have achieved; we must remember that serving our communities is an ongoing responsibility. It is one that we have all chosen and committed to pursuing.

The District Municipality prides itself on the fact that the Political and Administrative arms of the Council work cohesively together and therefore ensuring that the resolutions of the Council are implemented. Despite difficult financial and socio-economic circumstances, the District Municipality continues to strive toward excellence in all aspects of its mandate.

The ZF Mgcawu District Municipality performed admirably well during the 2020/2021 financial year by obtaining its 8th Clean Audit despite the continued.

However, the poor audit outcomes of our local municipalities are a clear indication that many are struggling to reach the expected standards of financial management and build public confidence in the utilization of resources by the government.

All our support efforts as stipulated in Section 83 of the Municipal Structures Act must be geared towards ensuring that local municipalities migrate from negative audit outcomes to more positive outcomes.

In 2019, President Cyril Ramaphosa launched the District Development Model which seeks to be a new integrated, district-based, service delivery approach aimed at fast-tracking service delivery and ensuring that Municipalities are adequately supported and resourced to carry out their mandate.

The District Development Model is designed around two fundamental pillars namely: intergovernmental coordination and local social compacts. The main aim is to address service delivery backlogs and pursue alternative Local Economic Development, which prioritizes employment creation.

The ZF Mgcawu District Municipality has actively participated in this program in collaboration with the Premier's Office. The Deputy Minister of Tourism, Honourable Fish Mahlalela was allocated as the District Development Model Champion for the ZF Mgcawu District.

The District Development Model will ensure that better coordination takes place to ensure service delivery is expedited to the benefit of our communities.

Our core values as a District Municipality are primarily shaped by the moral fibre of the administrative and political leadership of our District Municipality, guided by the

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strategic compass of the Northern Cape Provincial Government of building a “Modern, Growing, Successful Province”.

Conclusion

It is our responsibility as the Council of ZF Mgcawu District Municipality to ensure that our Municipality strives to achieve clean audits moving forward. It is also our responsibility to address challenges and put plans in place to overcome those challenges as a mandate enshrined in our constitution. As the Council, we are compelled to execute plans irrespective of the limited resources we have at our disposal.

I have witnessed the greatest cooperation between the administration and the Council. We are now working on improving service delivery and serving our communities; this can only be achieved with the continued support and cooperation between the administration, Council and Local Municipalities of the ZF Mgcawu District.

In light of the above-mentioned, I would like to extend my gratitude. May we continue working as a united force to make our District a better place to live in.

I also have to express my gratitude to the external Audit and Performance Committee for their guidance and oversight role during the year under the review.

Signed by: 

Councillor M.C Basson

Executive Mayor

31 August 2022

**The former Executive Mayor, Councillor M.M Louw resigned as the Executive Mayor on the 22nd of June 2022 and subsequently Councillor M.C Basson was elected as the Executive Mayor of ZF Mgcawu District Municipality with effect from 23 June 2022 and is the current incumbent in office.*

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



Mr AK Tieties

Acting Municipal Manager

It is with pleasure that I present the Annual Report of the ZF Mgcawu District Municipality for the 2021/2022 reporting period. This Annual Report presents us with an opportunity to reflect on our achievements since the last reporting period and also to provide a detailed account of our performance as an institution against our strategic plans and resources that were at our disposal for the period under review.

This report provides an overview of the performance and progress made by the District Municipality in fulfilling its strategic objectives and priorities as aligned in the Integrated Development Plan (IDP), National Development Plan (NDP) as well as Provincial and National strategic directives.

Audit Outcome 2020/2021

The ZF Mgcawu District Municipality obtained its 8th Clean Audit for the 2020/2021 financial year. We have proven once again that with a sterling record of good governance, sound financial management, a stable leadership structure and a well-functioning Council and Administration a lot can be achieved.

Challenges at Local Municipalities

The poor audit outcomes of our local municipalities are a clear indication that many are struggling to reach the expected standards of financial management and build public confidence in the utilization of resources by the government.

Municipalities with weak revenue bases cannot survive on the current Municipal Infrastructure Grant and Equitable Share funding allocations to fulfil their mandate. Such allocations are insufficient to ensure universal access to adequate services and will not enable poor and small Municipalities to deliver optimal services. Thus Municipalities with financial limitations cannot translate their IDPs into workable socio-economic programmes.

Another major challenge that faces Municipalities is the availability and shortage of the required skills. A significant number of Municipalities do not have the managerial, administrative, financial and institutional capacity to meet the rising needs of the local people. The scarcity of specialised skill sets in Local Municipalities limits their ability to render effective and efficient services.

The ZF Mgcawu District Municipality's vision of providing quality support and thereby ensuring that municipalities deliver quality services must drive us to enforce the requirements set out in Section 83(c) of the Municipal Structures Act. We cannot as the District Municipality achieve clean audits whilst our Local Municipalities struggle to achieve the same. We must build the capacity of our Local Municipalities to enable them to improve service delivery and accountability to the communities they serve.

Functionality of Council

The Local Government elections took place on the 1st of November 2021. Subsequent to the elections the ZF Mgcawu District Municipality held its inaugural Council meeting on the 14th of December 2021 in Upington.

The 2021 Local Government Elections were the watermark for the proliferation of coalition politics and governments within the space of municipalities. A coalition government has changed the course of action for municipalities in the sense that no majority party governs without a coalition partner, and this trajectory will remain the deciding factor in local government politics.

The ZF Mgcawu District Municipality has a coalition Council for the first time, however, Council is fully functional and all compliance obligations have been for the year under review. The Draft and Annual Budgets, the Integrated Development Plan (IDP), and the Annual Report amongst others have all been adopted by Council, thereby illustrating the functionality of the Council.

Acknowledgement from the Accounting Officer

I would like to thank the Executive Mayor and the Speaker for the guidance, advice, and continued support that we enjoyed throughout the year. The support we received thus far from the political leadership is phenomenal and greatly appreciated.

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I would like to extend my gratitude to the Council of the ZF Mgcawu District Municipality for instilling a sense of an accountable administration by holding us to account for the implementation of all the programs of the Council.

I also have to express my gratitude to the external Audit Committee for their guidance and oversight role.

My sincere gratitude and appreciation to the Senior Management Team for the support and commitment toward a successful 2021/2022 financial year, and to our staff, I would like to thank you sincerely for always showing a sense of urgency in dealing with the issues that we are faced with; I am humbled to be at the forefront of such a dedicated team of professionals.

Signed by: _____

***Mr AK Tieties**

Acting Municipal Manager

31 August 2022

**The former Municipal Manager, Mr JG Lategan resigned as the Municipal Manager with effect from 31 July 2022 and subsequently Mr. AK Tieties was appointed as Acting Municipal Manager of the ZF Mgcawu District Municipality with effect from 01 August 2022 and is the current incumbent in office.*

1.2 MUNICIPAL FUNCTIONS AND ENVIRONMENTAL OVERVIEW

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

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

The ZF Mgcawu District Municipality has a Constitutional mandate to:

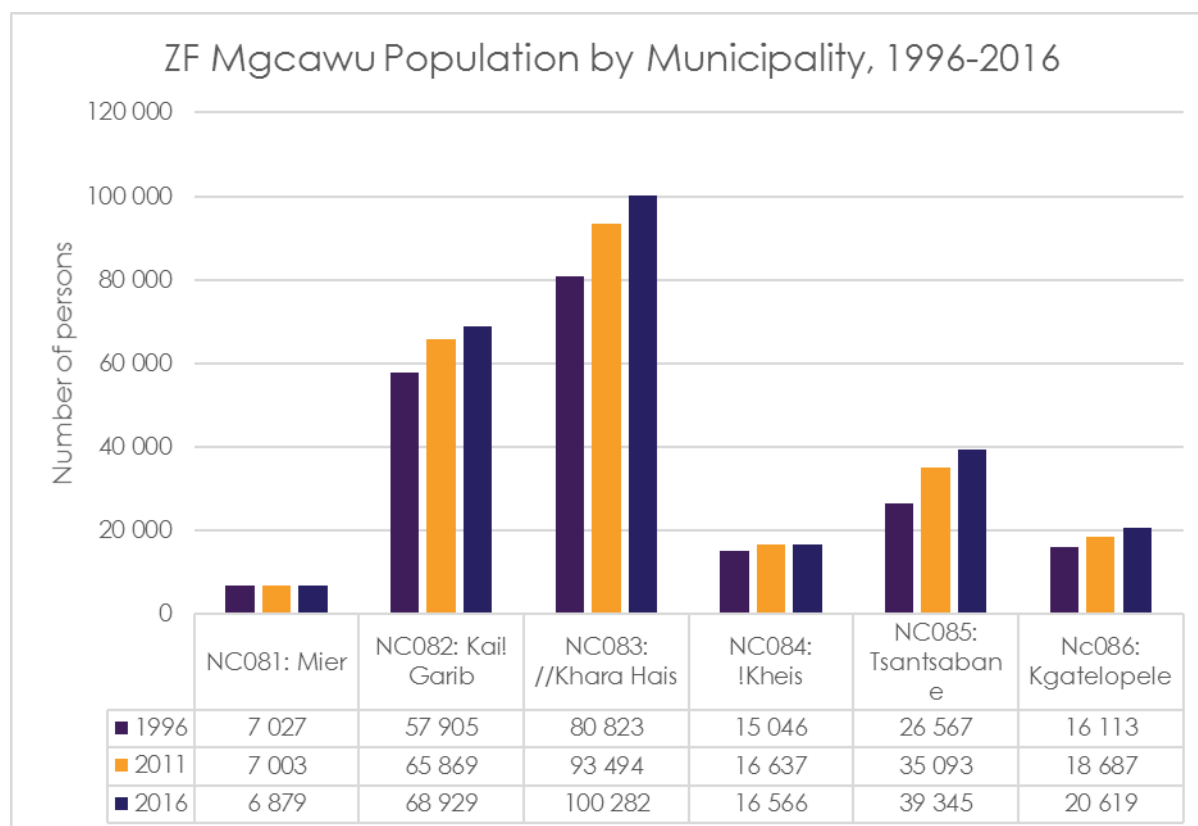
- a) provide a democratic and accountable government for local communities
- b) ensure the provision of services to communities in a sustainable manner
- c) promote social and economic development
- d) promote a safe and healthy environment
- e) encourage the involvement of communities and community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

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

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

- Integrated development planning for the District Municipality as a whole, including a framework for integrated development plans of all Municipalities in the area of the District Municipality.
- Municipal Health Services.
- Firefighting Services serve the area of the District Municipality as a whole, which includes planning, coordination, and regulation of fire services.
- Promotion of local tourism for the area of the District Municipality.
- Building the capacity of Local Municipalities in its area to perform their functions and exercise their powers where such capacity is lacking.

1.2.1 POPULATION

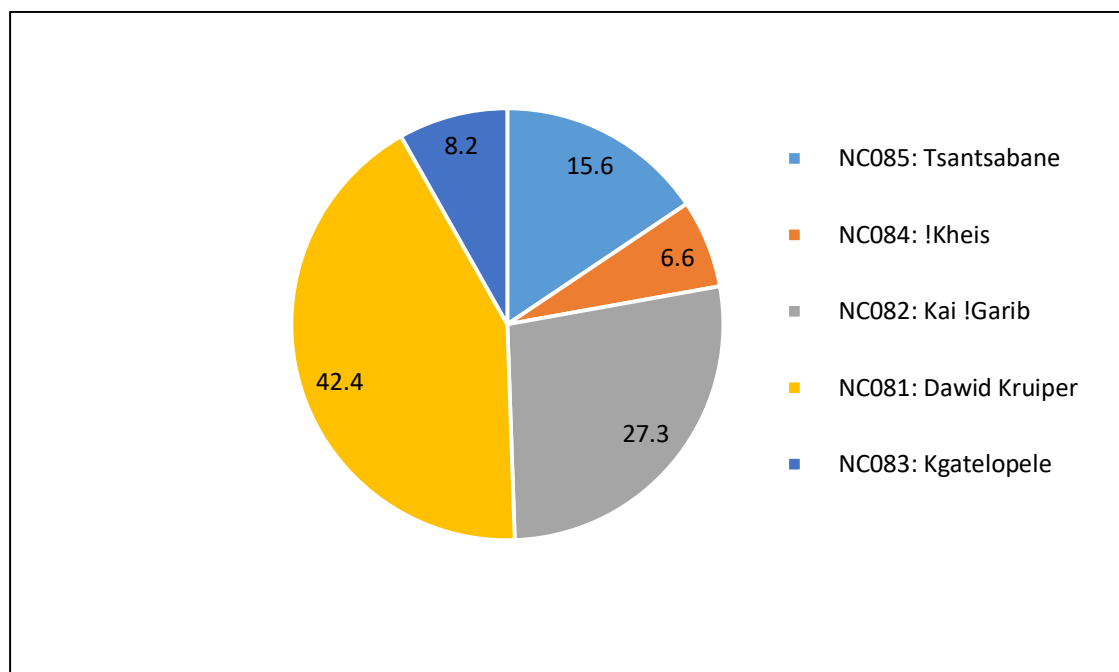


The graph above shows an increase in the population of ZF Mgcawu over the period 1996 to 2016. The population in the District increased by 33 304 persons over the period 1996 to 2011, from 203 479 persons in 1996 to 236 783 in 2011. The population further shows an increase over the period 2011 to 2016, from 236 783 persons in 2011 to 252 620 persons in 2016.

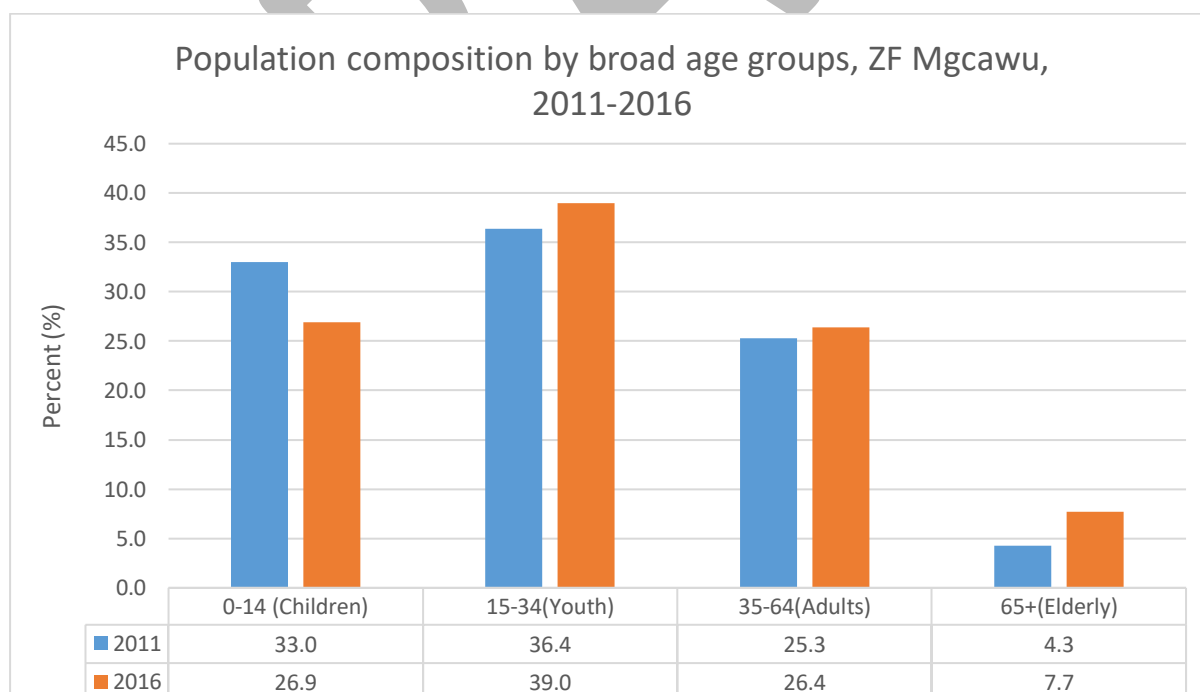
*//Khara Hais and *Mier Local Municipalities have been amalgamated into one Municipality, known as Dawid Kruiper Local Municipality, this happened as a result of the demarcation process of the Municipal Demarcation Board.

(*community survey 2016)

Distribution of the population of ZF Mgcawu District by Local Municipality, 2016



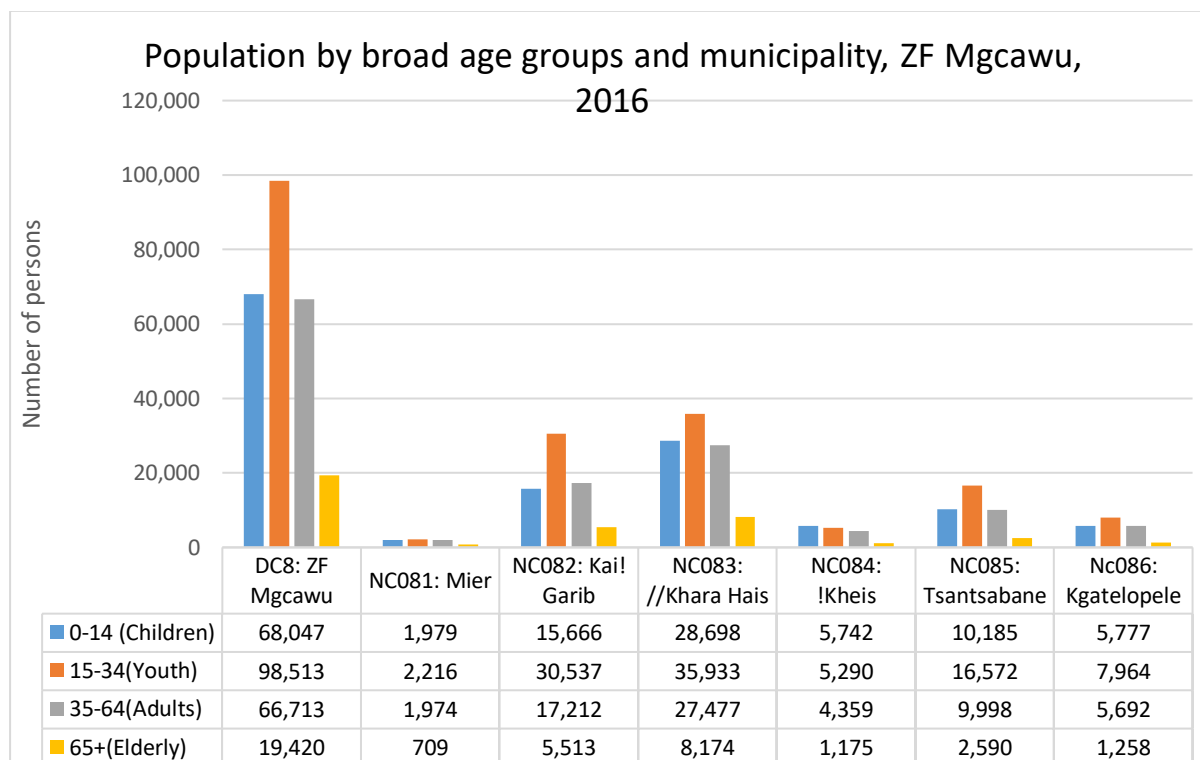
The graph above illustrates that Dawid Kruiper Local Municipality accounts for 42.4% of the total population in the District. This is followed by Kai! Garib, Tsantsabane, Kgatelopele, and !Kheis Local Municipalities accommodate 27.3%, 15.6%, 8.2%, and 6.6% of the total population in the District respectively.



- The graph above shows a change in the structure of the population in the ZF Mgcawu District over the period 2001 to 2016.

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



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

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

(*community survey 2016)

1.3 SERVICE DELIVERY OVERVIEW

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

As a District Municipality, the ZF Mgcawu District Municipality does not render direct services to households with functions such as water, sanitation, electricity, refuse, etc. These services are rendered by the Local Municipalities in the District and reporting hereon will be in the annual reports of the Local Municipalities in the District.

Municipal Health Services is executed in terms of the National Health Act (Act 61 of 2003) to provide and facilitate comprehensive, pro-active, and needs-related services to ensure a safe and healthy environment thereby preventing and eliminating diseases. Furthermore, the ZF Mgcawu District Municipality renders a fire and disaster management service within the District.

As part of its legislative obligation, the District Municipality renders mandatory support to all Local Municipalities in the District.

1.4 FINANCIAL HEALTH OVERVIEW

The District Municipality submitted its 2020/2021 Annual Financial Statements to the Auditor-General timeously on 31 August 2021. During the financial year, all existing budget-related policies were reviewed and approved with the adoption of the Budget for the next financial year. The 2021/2022 Annual Budget was approved by the Council on the 28th of May 2021

The ZF Mgcawu District Municipality continues to be grant-dependent and the high employee-related costs continue to put pressure on the finances of the District Municipality.

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

The District Municipality experiences a going concern crisis. To address the going concern crisis a cost containment plan had been developed and implemented to address the going concern matter.

Cash Flow Reporting takes place regularly to all stakeholders in the municipal environment. Political intervention and strategic direction are given to the Municipal Administration by the Executive Mayor of the ZF Mgcawu District Municipality to sustain the financial health of the District Municipality.

Audit risks for the 2021/2022 financial year had been identified and attended to thereby ensuring that the positive audit outcomes of the past years are maintained.

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

1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The organizational structure was approved by the Council annually and as a living document, it continues to be amended as the need arises. The objectives of an organizational structure are to establish accountability, information flow, authority, and distribution of responsibilities.

The organizational structure was approved to support efforts and initiatives to enhance the District Municipality's financial sustainability and efficient service delivery to the District Municipality.

The Service Delivery and Budget Implementation Plan (SDBIP) for the 2021/2022 financial year was approved by the Executive Mayor 28 days after the budget was formally approved by the Executive Mayor on the 11th of June 2021.

The SDBIP details the implementation of service delivery and the budget for the financial year in compliance with the Municipal Finance Management Act, 56 of 2003. The SDBIP serves as a contract between the Administration, Council, and the Community, expressing the objectives set by the Council as quantifiable outcomes that can be implemented by the administration over the next twelve months. The SDBIP facilitates the process of holding Management accountable for their performance.

The Performance Management Policy Framework guides the implementation of the Performance Management System for the District Municipality and shall serve as the official Performance Management Framework which informs the performance management process and practices. In terms of the capacity building of employees, our Workplace Skills Plan remains a key guiding document.

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The Workplace Skills Plan for the 2021/2022 financial year was drafted in line with the prescripts of the law and it was submitted to the Local Government Sector Education and Training Authority (LGSETA) on the 30th of April 2021.

1.6 AUDITOR GENERAL'S REPORTS

The audit outcomes for the ZFM District Municipality for the last 4 financial years are as follows:

Year	2017/2018	2018/2019	2019/2020	2020/2021
Status	Clean Audit Unqualified Audit Opinion	Unqualified with one matter	Clean Audit Unqualified Audit Opinion	Clean Audit Unqualified Audit Opinion

The Auditor General's Report for the 2020/2021 financial year was released in November 2021 and can be found in Chapter 6 of this report. The ZF Mgcawu District Municipality received an Unqualified Audit Opinion for the 2020/2021 financial year. Attached hereto is the 2020/2021 Auditor General's Report as received from the Auditor General in November 2021. The 2021/2022 Auditor General's Report will be attached to this report as soon as it becomes available.

1.7 STATUTORY ANNUAL REPORT PROCESS

The process plan of the Annual Report is the guiding plan on the processes to be followed in the development of the Annual Report. The primary purpose is to ensure that there is compliance with all the pieces of legislation that governs the content and public participation processes on the development of the Annual Report.

Section 121(1) (2) and (3) of the Municipal Finance Management Act, 56 of 2003 determines as follows: "Every Municipality must for each financial year prepare an Annual Report. The Council must within 9 months after the end of the financial year deal with the Annual Report of a Municipality in accordance with section 129."

In completing the Annual Report, it is imperative to ensure that there is alignment between the Integrated Development Plan, Budget, and the Service Delivery and Budget Implementation Plan (SDBIP) as these are the strategic documents of the Council and in most instances are forward-looking. The Annual Report gives a reflection on the backwards-looking approach to ascertain whether goals and objectives were achieved.

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The Draft Annual Report 2020/2021 was submitted to the Office of the Auditor-General on the 31st of August 2021 in compliance with legislative requirements.

The Executive Mayor of the District Municipality tabled the Draft Annual Report to the Council on the 28th of January 2022 and the report was subsequently approved on the 29th of March 2022. The report was discussed and evaluated by the Municipal Public Accounts Committee (MPAC) throughout the process and it made recommendations to the Council.

The process of the Annual Report was finalized in April 2022 in accordance with Section 129 (1) of the Municipal Finance Management Act by way of submitting the Oversight Report 2020/2021 to the Provincial Legislature on the 5th of April 2022.

The ZF Mgcawu District Municipality complied with all legislative and legal requirements in the completion of this process.

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CHAPTER 2

GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

In terms of section 52(a) of the Municipal Finance Management Act, 56 of 2003 the Executive Mayor must provide general political guidance over the fiscal and financial affairs of the District Municipality.

The Council is convened and chaired by the Speaker. The Council delegates most of its executive functions to the Executive Mayor as the Political Head of the District Municipality and is supported by the Mayoral Committee.

The Administration is headed by the Municipal Manager, who is supported by the Directors that are directly accountable to him, to execute the resolutions of the Council as well as its programmes and activities. The Council and Committees established both in terms of Section 79 and Section 80 of the Municipal Structures Act play an oversight role in the administration of the District Municipality to ensure that commitments in the Integrated Development Plan and Municipal budget are implemented. The Political Governance Structure deals with the political governance of the District Municipality through Political Office Bearers, Council, and Committees. The Administrative Governance Structure, on the other hand, focuses on the administration and management of the Municipality. This is vested in the Municipal Manager who is the Accounting Officer.

The Senior Management Team comprising of Directors assists the Municipal Manager. The Municipal Manager is tasked with the establishment, development, and management of sound and effective municipal administration. The Executive Mayor is the custodian of the Intergovernmental Relations Forums. The Municipal Manager assisted by Senior Managers is responsible for Corporate Governance of the District Municipality. This entails Risk Management, Strategic Operations, Internal Audit, Supply Chain Management, Performance Management, etc.

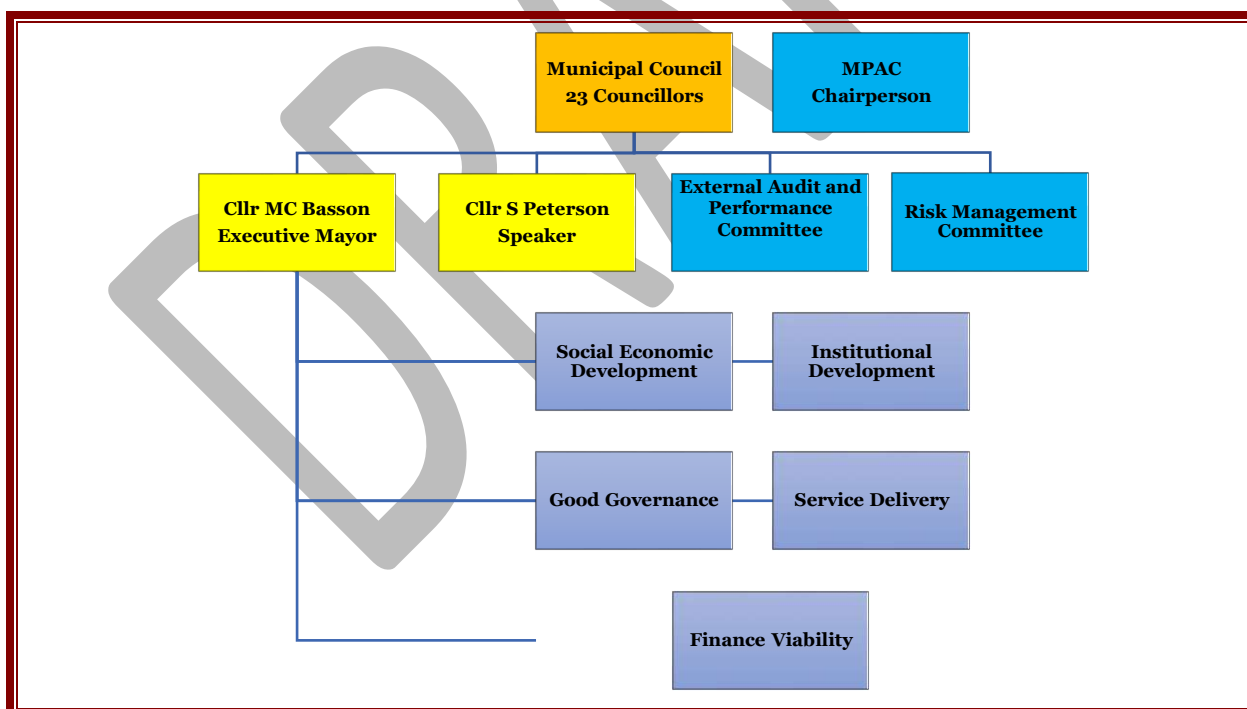
2.1 POLITICAL GOVERNANCE

The Minister of Cooperative Governance, Nkosazana Dlamini Zuma, announced that the local government elections will take place on 1 November 2021. Subsequent to the elections the ZF Mgcawu District Municipality held its inaugural Council meeting on the 14th of December 2021 in Upington.

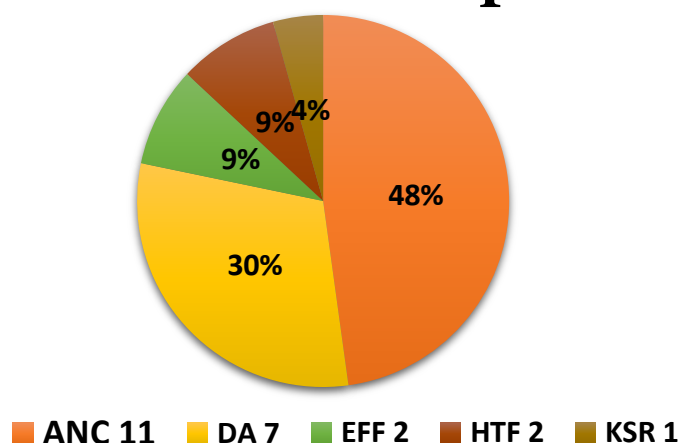
During this Council meeting, 23 Councillors took the oath of office and pledged to obey and respect the Constitution and the laws of South Africa and to perform their functions and duties as a Councillor of the ZF Mgcawu District Municipality to the best of their abilities.

The Council of the ZF Mgcawu District Municipality is comprised of 23 Councillors of which 10 are direct elected Councillors and 13 are seconded to the District Municipality from the Local Municipalities.

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



ZFM Council Composition



2.1.1 COUNCIL COMMITTEES

Sections 79 and 80 of the Local Government: Municipal Structure Act, 117 of 1998 deal with non-executive and executive committees. Section 79 Committees are non-executive Committees that may be established for the effective and efficient performance of any of a Municipal Council's functions, or the exercise of any of its powers, provided that the Municipal Council determines the functions of a Committee and delegates duties and powers to it. The Council must appoint the Chairperson and may authorize a Committee to co-opt advisory members who are not members of the Council within the limits determined by the Council. The Council may also determine a Committee's procedures.

The Mayoral Committee

The Mayoral Committee is chaired by the Executive Mayor and comprised of the Chairpersons of the Portfolio Committees. The Mayoral Committee has the responsibility of monitoring the Management of the District Municipality's administration in accordance with the policy directions of the Council and overseeing the provision of services to communities in the District Municipality in a sustainable manner.

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

Portfolio Committees

NAME OF CHAIRPERSON	PORTFOLIO COMMITTEE
Cllr. M.C Basson	Municipal Finance Viability
Cllr. A. Johnson	Institutional Development
Cllr. P. M. Mgcera	Service Delivery
Cllr. J. Silo	Good Governance and Public Participation
Cllr. A. Matshimo	Social Economic Development

The Committee allocations and the purposes of the Committees can be found in Appendix A and B respectively.

2.1.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The purpose of the Municipal Public Accounts Committee (MPAC) is to serve as an oversight committee to exercise oversight over the executive obligations of the Council. The Municipal Public Accounts Committee (MPAC) will assist the Council to hold the executive to account and ensuring the efficient and effective use of municipal resources. By so doing, the MPAC will help to increase council and public awareness of the financial and performance issues of the District Municipality.

The MPAC is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of the Council and is not a duplication of other committees of the Council, such as the Audit Committee. The MPAC may engage directly with the public and consider public comments when received and will be entitled to request documents or evidence from the Accounting Officer.

The Committee is responsible for the detailed analysis and review of the Annual Report and then the drafting of an Oversight Report that may be taken to the Council for discussion. This Committee receives reviews made by the public.

In reviewing the Annual Report and preparing the Oversight Report, the Municipal Public Accounts Committee must balance the need for transparency, good governance practice, and accountability, the capacity of the District Municipality, and the need for an effective process within the time allowed.

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

NAME OF MEMBER OF MPAC	POLITICAL PARTY
Cllr M.C. Basson [Chairperson]	African National Congress [ANC]
Cllr K.G. Keorometswe	African National Congress [ANC]
Cllr D.R. Pienaar	African National Congress [ANC]
Cllr P.J. George	African National Congress [ANC]
Cllr J. Balies	Economic Freedom Fighters [EFF]
Cllr F.L. Witbooi	Democratic Alliance [DA]

Members of Council for the 2021/2022 Financial Year:

MEET YOUR COUNCIL

CLLR M.C. BASSON
EXECUTIVE MAYOR

CLLR WNS. PETERSON
SPEAKER

ZF Mgcawu
District Municipality
Distrik Munisipaliteit

ZF Mgcawu
District Municipality
Distrik Munisipaliteit

CLLR P.M. MGCERA DIRECT ELECTED	CLLR M. LOUW DIRECT ELECTED	CLLR A. MATSHIMO DIRECT ELECTED	CLLR J. SILO DIRECT ELECTED	CLLR D.H. DE KOKER DIRECT ELECTED	CLLR M.H.B. VAN ZYL DIRECT ELECTED	CLLR F.L. WITBOOI DIRECT ELECTED
CLLR J. ESAU DIRECT ELECTED	CLLR PH. MATTHYS DIRECT ELECTED	CLLR S. ABEL DAWID KRUIPER MUNICIPALITY	CLLR P.J. GEORGE DAWID KRUIPER MUNICIPALITY	CLLR F. BASSON DAWID KRUIPER MUNICIPALITY	CLLR P.T. V/D STEEN DAWID KRUIPER MUNICIPALITY	CLLR S. SANDLANA DAWID KRUIPER MUNICIPALITY
CLLR C.P. BEZUIDENHOUT KAI ISARIB MUNICIPALITY	CLLR A.C. KOTZEE KAI ISARIB MUNICIPALITY	CLLR A. JOHNSON KAI ISARIB MUNICIPALITY	CLLR J. BALIES IKHES MUNICIPALITY	CLLR K. KEOROMETSWE TSANTSABANE MUNICIPALITY	CLLR A.J. RUITERS TSANTSABANE MUNICIPALITY	CLLR D.R. PIENAAR KGATELEPELE MUNICIPALITY

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NAME	POSITION	PARTY	PERIOD
M.C. Basson	Executive Mayor	ANC	Commencement: 23/06/2022
M.M. Louw	Executive Mayor	ANC	Commencement: 28/01/2022 Resigned: 22/06/2022
P.M. Mgcera	Executive Mayor	ANC	Commencement: 11/03/2020 Resigned: 27/01/2022
W.R.S Peterson	Speaker	KSR	Commencement: 09/11/2021
M.C. Basson	Speaker	ANC	Commencement: 21/04/2021 Term Ended: 08/11/2021
A. Matshimo	Mayoral Committee	ANC	Commencement: 24/01/2020
J. Silo	Mayoral Committee	ANC	Commencement: 09/11/2021
P.M. Mgcera	Mayoral Committee	ANC	Commencement: 28/01/2022
A. Johnson	Mayoral Committee	ANC	Commencement: 09/11/2021
M. Bosman-Maasdorp	Mayoral Committee	ANC	Commencement: 11/03/2020 Resigned: 08/11/2021
K. Esau	Mayoral Committee	ANC	Commencement: 29/04/2021 Term Ended: 08/11/2021
J. Lodewyk	Mayoral Committee	ANC	Commencement: 01/02/2021 Term Ended: 08/11/2021
M.C. Basson	Section 79 Committee	ANC	Commencement: 09/11/2021 Resigned: 22/06/2022
S. Dubeni	Section 79 Committee	ANC	Commencement: 07/08/2016 Term Ended: 08/11/2021
M.M. Louw	Councillor	ANC	Commencement: 23/06/2022
J. Esau	Councillor	EFF	Commencement: 09/11/2021
H. De Koker	Councillor	DA	Commencement: 09/11/2021
F.L. Witbooi	Councillor	DA	Commencement: 07/08/2016
P.H. Matthys	Councillor	HFTF	Commencement: 09/11/2021
M.H.B. Van Zyl	Councillor	DA	Commencement: 23/03/2017
K.G. Keorometswe	Councillor	ANC	Commencement: 09/11/2021
A.J. Ruiters	Councillor	DA	Commencement: 09/11/2021
C.F.P. Bezuidenhoudt	Councillor	DA	Commencement: 09/11/2021

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NAME	POSITION	PARTY	PERIOD
A.C. Kotzee	Councillor	HFTF	Commencement: 09/11/2021
J. Balies	Councillor	EFF	Commencement: 09/11/2021
D.R. Pienaar	Councillor	ANC	Commencement: 09/11/2021
P.T. van der Steen	Councillor	DA	Commencement: 16/08/2019
S. Sandlana	Councillor	DA	Commencement: 30/08/2019
S. Abel	Councillor	ANC	Commencement: 28/01/2022
P.J George	Councillor	ANC	Commencement: 09/11/2021
F. Basson	Councillor	ANC	Commencement: 09/11/2021
M. Daniels	Councillor	ANC	Commencement: 01/02/2021 Term Ended: 08/11/2021
A. De Bruin	Councillor	COPE	Commencement: 01/06/2014 Term Ended: 08/11/2021
E.E.J. Phete	Councillor	ANC	Commencement: 09/11/2021 Resigned: 21/01/2021
E. Fritz	Councillor	ANC	Commencement: 23/04/2021 Resigned: 31/10/2021
C.F.P. Maasdorp	Councillor	DA	Commencement: 01/07/2021 Term Ended: 08/11/2021
D. Esau	Councillor	STC	Commencement: 26/02/2021 Term Ended: 08/11/2021
S. Esau	Councillor	ANC	Commencement: 06/08/2016 Term Ended: 08/11/2021
N. Prince	Councillor	KCF	Commencement: 03/06/2019 Term Ended: 08/11/2021
B. Bock	Councillor	ANC	Commencement: 03/06/2011 Term Ended: 08/11/2021
H. Ross	Councillor	EFF	Commencement: 30/08/2018 Term Ended: 08/11/2021
M.L. September	Councillor	ANC	Commencement: 09/11/2021 Resigned : 28/01/2022
F. Oliphant	Councillor	ANC	Commencement: 29/09/2020 Term Ended: 08/11/2021

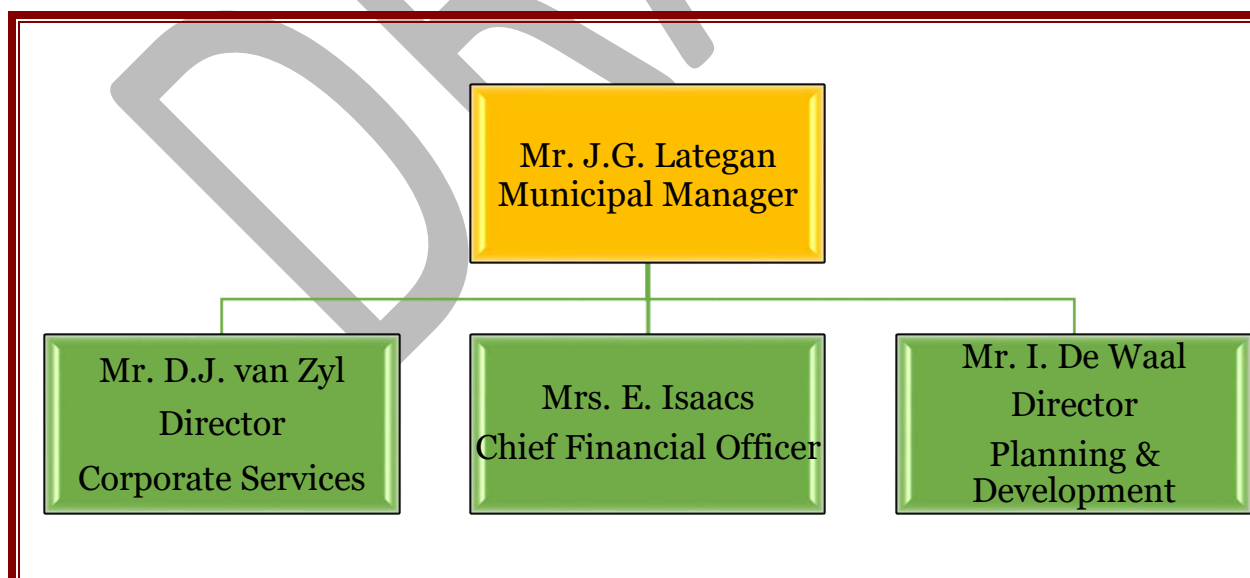
2.2 ADMINISTRATIVE GOVERNANCE

As the Head of Administration, the Municipal Manager is charged with specific responsibilities as set out in Section 55(1) of the Municipal Systems Act, 32 of 2000 and is subject to the policy directions of the Municipal Council as well as responsible for among other the following responsibilities:

- i. Development of the Municipality's Integrated Development Plan in accordance with chapter 5 of the Act and its implementation.
- ii. Development of a performance management framework, and ensuring compliance to the Performance Management System.
- iii. Responsive to the needs of the local community to participate in the affairs of the municipality.
- iv. carrying out the decisions of the political structures and political office bearers of the municipality;
- v. The appointment of staff other than those referred to in section 56(A) of the Systems Act does that under the guidance of the Council-approved recruitment and Selection Policy. –
- vii. Advising the Executive Mayor, other political office bearers and Council structures in the execution of their Council responsibilities

The Accounting Officer must at all times act with fidelity, honesty, integrity, and in the best interests of the District Municipality in managing its financial affairs.

During the year under review, Mrs Eloize Isaacs was appointed as the Chief Financial Officer with effect from 1 September 2021.



COMPONENT B: INTERGOVERNMENTAL RELATIONS (IGR)

2.3 INTERGOVERNMENTAL RELATIONS (IGR)

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

The role of a District Intergovernmental Relations Forum is to serve as a consultative forum for the District Municipality and the Local Municipalities in the District to discuss and consult each other on matters of mutual interest.

The IGR has been a useful avenue when it comes to service delivery in Local Municipalities and other Stakeholders and it also serves to keep every Stakeholder abreast of the state of service delivery within the District.

The District Development Model (DDM) is a new integrated service delivery approach that was launched by President Ramaphosa in 2019. The District Development Model is intended to be a new integrated, district-based, service delivery approach aimed at fast-tracking service delivery and ensuring that Municipalities are adequately supported and resourced to carry out their mandate.

The District Development Model utilizes and enhances the Intergovernmental Relations (IGR) Framework Act as the implementation machinery to facilitate joint planning, implementation as well as monitoring and evaluation, between and amongst all spheres of governance.

The functionality of District Political IGR and Technical IGR

The ZFM District Municipality has a fully functional Political IGR and Technical IGR in place. The District Intergovernmental Relations Forum seeks to achieve the following:

- a) To promote horizontal and vertical partnership building towards coherent governance for the effective provision of municipal services and the realization of national priorities;

- b) To ensure that internal departments and sections build strategic developmental partnerships with their technical counterparts.
- c) To coordinate the sharing of best practices, knowledge and information amongst municipalities

The objectives of the Intergovernmental Relations Framework Act 13, 2005 is to provide within the principle of co-operative government set out in Chapter 3 of the Constitution a framework for the national government, provincial governments and local governments, and all organs of state within those governments, to facilitate the coordination in the implementation of policy and legislation, building a coherent government and ensuring the effective provision of services.

One of the most pervasive challenges facing our country as a developmental state is the need for government to redress poverty, underdevelopment, marginalisation of people and communities and other legacies of apartheid and discrimination; the ZFM Mgcawu District Intergovernmental Relations Forum has served as the opportune platform to address these issues.

2.3.1 DISTRICT DEVELOPMENT MODEL

District Development Model: One Plan

Cabinet approved the District Development Model (DDM) as a government approach to improve integrated planning and delivery across the three spheres of government with District and Metropolitan spaces as focal points of government.

The envisaged integrated planning and delivery in the District will be enabled by joint planning, budgeting and implementation process.

KEY FACTORS FOR THE ZFM DDM ONE PLAN

1. Foster a practical intergovernmental relations mechanism to plan, budget and implement jointly to provide a coherent government; (solve silos i.e. stakeholders who work independently from each other, duplication and fragmentation).
2. Exercise oversight over budgets and projects in an accountable and transparent manner.
3. Identify strategic, critical and high-impact projects that will deliver the change required.

This plan is meant to be jointly developed and agreed to by all spheres of government.

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As specified above, the ZF Mgcawu District Municipality is facing numerous challenges that can only be resolved through a unified vision of development among all stakeholders and role players.

In this context, the goal of the DDM One Plan is to place ZFMDM on a new path leading to prosperity, liveability and vibrant communities. From these drivers will flow the envisioned Goals, ultimately culminating in the required strategic interventions and game changers necessary for realising the vision.

The four identified key drivers to address the Vision and Mission of the One Plan in ZFMDM are:

1. Economic Development and Employment
 - Economic Positioning Goal
 - People Development Goal
2. Social and Community Development
 - Demographics/ People Development Goal
3. Regional Development and Environmental Sustainability
 - Spatial Restructuring and Environmental Goal
4. Urban Growth and Infrastructure
 - Infrastructure Engineering Goal
 - Integrated Service Provisioning Goal

The District Development Model and One Plan will function within the provincial and local spheres' policy and planning frameworks. In essence it will entail that both the provincial and local programmes and plans be managed and implemented through a shared service approach from a District Municipal perspective.

The programmes and plans in both provincial and local spheres need to find expression in the District Development Model and One Plan to ensure alignment within all the relevant plans starting from the Provincial Growth and Development Plan (PGDP), Provincial Spatial Development Framework (PSDF) through to the Local Spatial Development Framework (Municipal SDF) and ultimately the Integrated Development Plan (IDP).

It is through this coordinated effort that the District Development Model approach is aimed to streamline all the plans to facilitate the implementation of programmes and plans at a local municipal level. This approach will also ensure that the development application of projects is aligned to ensure that these projects can serve at a Planning Tribunal through the SPLUMA process.

SPLUMA clearly stipulates that Planning Tribunals can only consider development applications (or projects) if it is in line with the provincial and local spatial development frameworks.

It is against this background that the principle drivers in the Provincial Growth and Development Plan (PGDP) are included in the District Profile. The PGDP is based on four drivers to bring about the desired level of change and development within the Northern Cape Province, by integrating and consolidating all relevant provincial plans and strategies. The PSDF aims to spatially prioritise, manage and implement the strategies and projects identified by the PGDP.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 IDP PARTICIPATION AND ALIGNMENT

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

Chapter 5 of the Municipal Systems Act defines the Integrated Development Plan as a principal strategic planning instrument that guides and informs all planning and development, and all decisions about planning, management, and development, in the Municipality.

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

IDP Process & District Framework Plan

The Framework Plan is to guide and inform the Process Plans of the District Municipality and its Local Municipalities. The Framework Plan provides the linkage for binding relationships between the District Municipality and Local Municipalities.

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In so doing, proper consultation, coordination, and alignment of the IDP process of the District Municipality and its various Local Municipalities can be maintained.

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

The IDP Process Plan and the District Framework Plan were adopted on 30 August 2021.

IDP Steering Committee and IDP Representative Forum Meetings

The IDP Steering Committee acts as the support arm of the IDP Representative Forum, making technical decisions and inputs to the Municipal Manager and the IDP Manager. The Steering Committee assists with the refinement and quality check of the IDP document to ensure compliance with legislation, and provides technical assistance to the Executive Mayor in discharging the responsibilities set out in Section 53 of the Municipal Finance Management Act.

The IDP Representative Forum is responsible for:

- Providing an organizational mechanism for discussion, negotiation, and decision making between stakeholders.
- It represents the interest of their constituencies in the IDP process.
- Monitoring the performance of the planning and implementation process.

The IDP Representative Forum comprises the Executive Mayor, Councillors, Municipal Manager, Directors, representatives of various sectors, NGO's, Government Departments, and specialized community members.

Dates of the IDP Representative Forum and IDP Steering Committee

- The IDP Representative Forums were held on 14 October 2021 and 03 March 2022.
- The IDP Steering committee meetings were held on 13 October 2021 and 02 February 2022.

Public Participation

A virtual engagement session was scheduled for 16 November 2021 but had to be cancelled due to the fact that newly elected council was not yet in place.

Invites was sent out for 04 March 2022, but had to be cancelled again due to the non-availability of the Executive Mayor & Municipal Manager. They had to attend to the visit of a Deputy Minister.

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- The Draft IDP 2022/2023 was approved by Council on 29 March 2022
- The Final IDP 2022/2023 was approved 30 May 2022 in terms of the Medium Term Strategic Framework and the Integrated Urban Development Framework as well as the 7 segments that municipalities must have in terms of all mSCOA transactions/operations.
- Chapter 6 of the IDP outlines the linkage between the District Municipality's strategic objectives and its long terms goals that find expression in the implementation of the Key Performance Indicators.
- The final IDP was sent to the MEC of COGHSTA on 03 June 2022.

To enhance better alignment and improve the coherence and impact of service delivery, the national government launched the District Development Model One Plan to eradicate the tendency of government Departments and Municipalities planning in silos i.e. stakeholders who work independently from each other. In essence, all spheres of government are to undertake a process of joint planning at the District and Local level to compile a single strategic plan for the whole District.

IDP PARTICIPATION AND ALIGNMENT CRITERIA	
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's, and development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPI's in the strategic plan?	Yes
Do the IDP KPI's align to the section 57 Managers	Yes
Do the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four-quarter aligned reports submitted within stipulated time frames?	Yes

2.5 WARD COMMITTEES

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

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

- The Constitution of the Republic of South Africa Act (Act No.106 of (1996)
- The Local Government: Municipal Structures Act (Act No. 117 of 1998)
- The Local Government: Municipal Systems Act (Act No. 32 of 2000)
- The White Paper on Local Government
- Regulations in terms of Section 75 (2) of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998 as amended in 2008).
- The National Framework: Guidelines for Provinces and Municipalities in the Implementation of the Ward Funding Model, (Notice 364 of 2009)
- The National Framework: Criteria for Determining Out of Pocket Expenses for Ward Committee Members (Notice 973 of 8 October 2009)

The Minister of Cooperative Governance, Nkosazana Dlamini Zuma, announced that the local government elections will take place on 1 November 2021. Subsequent to the elections the ZF Mgcawu District Municipality held its inaugural Council meeting on the 14th of December 2021 in Upington. All Ward Committees ended after the local government elections in November 2021.

Establishment of Ward Committees

Ward Committees have been established in the following Municipalities:

LOCAL MUNICIPALITY	NUMBER OF ESTABLISHED WARD COMMITTEES	STATUS OF WARD COMMITTEES
Dawid Kruiper Local Municipality	15	All wards are functional except ward 5
Kheis Local Municipality	4	All wards are not functional (<i>training will be conducted in due course</i>)

Kai! Garib Local Municipality	10	All wards are not functional <i>(training will be conducted in due course)</i>
Kgatelopele Local Municipality	4	All wards are functional <i>(training has been provided)</i>
Tsantsabane Local Municipality	7	All wards are functional <i>(training has been provided)</i>

Challenges Encountered

- The unpredictable relationship between Councillor and party politics.
- Budget Constrains from the site of different Municipalities
- Transport

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

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

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

The principal purpose of the Risk Management Unit, where available, is to facilitate, support, and advise Line Management and employees about the management of risk. It is not the responsibility of the Risk Management Unit to manage risks identified within a service. The management of risks is a Line Management function and needless to say, their responsibility. A top-down view is taken of the District

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Municipality to better understand the environment within which the District Municipality operates, in developing our understanding of the various activities of the District Municipality.

The Risk Management Unit has:

1. 2x fully qualified Risk Officials
2. An established Risk Management Committee (With a formally appointed highly qualified external Chairperson)
3. An approved governance structure and policy documents. These policy documents are:
 - a) Risk Management Policy
 - b) Risk Management Framework
 - c) Risk Management Committee Charter
4. An approved Set of Key Performance Indicators for Senior Management
The Risk Management Unit has an established reporting line and follows an approved structured approach.

During the 2021/2022 financial year, a total of 135 risks have been identified, of which 14 are Strategic –, 6 Covid-19 - related; 114 Operational and 1 Project-related risk.

Average Risk exposure for Z.F. Mgcawu DM:

The overall risk, before controls, were rated at an average of 18.74 for 2021/2022 which was of a high priority (in terms of the set criteria of the District Municipality), whereas overall risks after controls were rated at an average of 12.47 which is Medium level. This meant that the controls in place did not adequately minimize the risks identified and that the mitigating controls were not working as intended. The District's controls require moderate attention for improvement.

Management will monitor these identified risks, as the risk environment is continually changing and there are some noted high risks on the risk register which will have a major impact on the District Municipality if these risks were to realize/materialize. That said, the District Municipality is in moderate need of rectification of the current risk exposure and must obtain measures to source funds to address the financial shortcomings.

Top Ten High Risks of the Z.F. Mgcawu District Municipality:

At the residual risk exposure, the following are **top Operational risks** that we would recommend the District Municipality to take note of without necessarily implying that other risks falling outside the tolerance level need no attention:

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Risk no.	Component/ Unit	Objectives	Consequences	Root Cause	Risk
d1	Disaster management	Preventing, mitigating and preparedness of disasters	Possible loss of lives and the impact on the environment	Unforeseen Environmental and Human disasters	Possibility of human casualties and environmental disruptions
d9	Environmental Health	To strengthen the environmental health services within the District.	Possible outbreak of diseases and human casualties.	1. "The minimum inspection frequency" cannot be diligently performed due to understaffed EHP's within the ZFM-DM region. 2. Possible ineffectively monitoring of EH services. 3. Non-compliance with norms and standards and Environmental Health act of 2003 (There must be "one operational health EHP must be provided for every 10 000 people within a region")	Human casualties.
b15	Occupational Health and safety	To render occupational health and safety services according to the occupational health and safety act.	Possible non-compliance with the occupational health and safety act 85 of 1993.	Insufficient budget for OHS. Lack of trained SHE representatives.	Legal and financial implications
c14	Asset Management	Monitor, record and safeguarding of Assets	Unforeseen financial implications and possible lapse in operations	Unauthorised removal of assets from the building.	Possibility of fraud or theft
b31	Information, Communication & Technology (ICT)	Business continuity	Possible loss of systems or data, due to power output	Loss of power/ electricity.	Possible loss of systems or data, due to power output
a6	Internal audit	Compliance with IA National Treasury framework and IIA standards. Ensure that a External Quality Assurance review is conducted.	Findings with the AG Non-Compliance with legislation No independent review of internal audit work to ensure compliance with the Standards of the IIA.	Lack of funds to perform Quality Assurance Review (QAR).	Possible regression in Audit Opinion.
a15	Fraud management	Ensure the reported potential fraud matters are investigated	Untimely resolution of potential fraud cases. Unresolved reported potential fraud cases.	Inability to finalise reported potential internal/ external fraud matters. (Possible delays in stakeholder roles and fraud investigation process.)	Municipal financial losses. / Fraud may occur.

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Risk no.	Component/ Unit	Objectives	Consequences	Root Cause	Risk
a17	Fraud management	Mitigation of Fraud and corruption	Financial losses resulting in the non-achievement of objectives.	Lapse in timeous reporting of identified fraud	Untimely reporting of identified fraud
a19	Performance Management System (PMS)	To set targets, monitor and review performance based on indicators linked to the Integrated Development Plan (IDP)	Non-achievement of set KPI's in the SDBIP and the annual performance report.	Remedial actions are not implemented.	Possible non achievement of municipal targets.
a22	Co-ordination of Support to category B's	Co-ordinate support to the Category B municipalities.	Unspent of budget. Non achievement of set targets in the IDP and SDBIP.	Availability and co-operation of the Category B Municipalities. Possible non-adherence to the support program.	Non-compliance with Structures Act 88 2(a)to provide support to B-Municipality's upon request.

2.7 ANTI-FRAUD AND CORRUPTION

The working environment and organizational culture are the most significant factors to determine how much of a target for Fraud and Corruption an organization will be. The same are applicable to the ZF Mgcawu District Municipality.

The ZF Mgcawu District Municipality has adopted a preventative approach in the fight against fraud and corruption in the workplace. The organisation:

- a) Understands the internal and external fraud risks
- b) Has adopted regular analysis of its administrative environment
- c) Embarked on a multitude of schemes to prevent the occurrence of fraud and corruption in the workplace.

Council adopted a Fraud Prevention Strategy and Plan as well as Fraud and Anti-Corruption Policies in May 2021. Regular efforts are made by the organization and its leaders to mitigate the occurrence of Fraud and Corruption. The District Municipality's induction and quarterly discussions on ethics, takes it a step further.

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The ZF Mgcawu District Municipality adopted, as in the previous years, a series of supporting policies in May 2021. The afore-mentioned policies and plans are enablers to developing and establishing of anti-fraud culture within our institution. Their purpose is to ascertain assurance to the people that ZF Mgcawu District Municipality is serious in giving assurance to the workers and the people that we enforce sound financial and public service principles.

By means of the annual assessment and quarterly fraud risk monitoring, the District Municipality manages to enforce low, to zero, tolerance to risks and that controls are being implemented. Subsequently, responsibility is taken to avoid the negative impact that possible Fraud and Corruption may have on the institution and public service.

Annual and quarterly Fraud awareness sessions raise awareness levels within the institution and develop an anti-fraud and- corruption culture.

For the financial year under review, we workshopped staff using case studies on ethics and through this medium we were able to sustain the communication of incidences of fraud and what the fraud hot spots may be.

Until it becomes financial viable the District Municipality will keep on using the Risk Management Committee to report to because they are the same members that are reporting to the Risk Committee. In its combat against all forms of Fraud and Corruption, the District Municipality aims to remain pro-active in the fight against Fraud.

The ZF Mgcawu District Municipality identified procedures for reporting fraudulent and or corrupt activities. Every employee is duty-bound that, whoever becomes aware of fraud or acts of dishonesty, must report this to his/her immediate Supervisor. If the immediate supervisor is a party to the fraud, the next level of Management must be informed as well as the Deputy Director of Strategic Operations and the Municipal Manager. External options for reporting are also encouraged and provided to staff.

The factors in the list below remain important deterrents to Fraud and Corruption within the District Municipality, such as:

- Separation of duties
- Exclusion of politicians from procurement processes
- Internal Audit review of processes and adherence to process
- Fraud Register for employees and other stakeholders
- Identification of fraud risks, monitoring, and review thereof
- Conducting quarterly fraud awareness programs
- Investigations of alleged fraud and corruption

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The following Anti-Fraud and Corruption Policies and strategic documents for the 2021/2022 financial year were tabled and approved by Council:

Policies approved for 2021/2022

Policies approved for 2021/2022	Date Approved
Anti-Corruption Policy/Strategy	28 May 2021
Anti-Fraud and Corruption Policy	28 May 2021
Consequence Management Policy	28 May 2021
Fraud Ethics Policy	28 May 2021
Fraud Prevention Plan	28 May 2021
Fraud Prevention Strategy	28 May 2021
Fraud Risk Register	28 May 2021
Fraud Register	28 May 2021
Fraud Response Plan	28 May 2021
Fraud Risk Management	28 May 2021
Whistle Blower Policy	28 May 2021
Whistle Blower Plan	28 May 2021

The ZF Mgcawu District Municipality does not have a separate Ethics Committee and has therefore assigned the Risk Management Committee (hereafter RMC) with the Fraud Management responsibility. The Strategic Operations Unit deals with Fraud Management and has adopted a Fraud Ethics Policy, which addresses all the basics of ethics.

The District Municipality has had a consolidated Quarter 1 and Quarter 2 Risk Management Committee due to the resignation of the previous Risk Committee Chairperson. The Committee fully functional and sat for Quarters 2, 3 and 4.

The ZF Mgcawu District Municipality's fight against Fraud and Corruption remains firm through the continuation of the Anti-Fraud and Corruption culture and ethics within the organisation. The establishment of Fraud policies and plans and the annual and quarterly Fraud awareness sessions maintains pro-activeness in the fight against Fraud and Corruption.

2.8 SUPPLY CHAIN MANAGEMENT

In accordance with Regulation (6)(2)(a)(i) of the Municipal Supply Chain Management Regulations, we hereby submit the required report on the implementation of the ZF Mgcawu District Municipality Supply Chain Management Policy for the period 1 July 2021 – 30 June 2022.

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

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

Implementation of MBD Documents

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

Challenges: Service providers not completing all Municipal Bid Documents.

Proposed solution: Educate service providers on the importance of completion of Municipal Bid Documents by holding workshops.

Supply Chain Management Unit (Staff)

The staff component of the Supply Chain Management Unit is as follows:

- 1x Assistant Director SCM
- 1x Assistant Accountant Procurement
- 1x SCM Buyer
- 1x Intern

Training

Training took place from the 16-20 May 2022 in Bloemfontein.

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

Supplier Database

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

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

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Price Written Quotation Register 2021/2022

#	<u>Quotation Nr</u>	<u>Date advertised</u>	<u>Date closed</u>	<u>Date awarded (order)</u>	<u>Description</u>	<u>Quotation awarded to</u>	<u>Quotation Amount</u>
1	Quotation 1-2021/2022	22-July-21	30-Jul-21	11-Aug-21	Request for Formal Written Price Quotation for 95 Performance Management Vouchers	Laban & Nel	R 77 260.00
2	Quotation 2-2021/2022	28-Jul-21	05-Aug-21	11-Aug-21	Request for Formal Written Price Quotation for the Renewal Of Eset Security Protection	URB ICT	R 47 850.00
5	Quotation 5-2021-2022	14-Sept-21	21-Sept-21	24 -Sept-21	Request for Formal Written Price Quotation for Procurement for Renewal of Kerio Connect License	URB ICT	R 33 545.00
6	Quotation 6-2021-2022	14 Sept-21	22-Sept-21	12/10/2021	Request for Formal Written Price Quotation for Procurement of Security Uniform	Supplycor	R 43 841.54
8	Quotation 8-2021-2022	29-Sept-21	8-Oct-21	02/11/2021	Request for Formal Written Price Quotation For Bacteriological Analysis On Water Samples	Pathcare	R 144 025.00
9	Quotations 9-2021-2022	01-Oct-21	11-Oct-21	10/11/2021	Request for Formal Written Price Quotation for Installation, Setup and Licensing of Cibecs	URB ICT	R 77 441.00

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10	Quotations 10-2021-2022	01-Oct-21	11-Oct-21	20/10/2021	Request for Formal Written Price Quotation for 310 Vouchers	Supremacy Enterprise	R 155 000.00
11	Quotation 11-2021-2022	14-Oct-21	20 Oct-21	25/10/2021	Request for Quotation for Procurement for Renewal of Veritas Backup Exec Licenses	URB ICT	R 26 535.00
13	Quotation 13-2021-2022	16-Nov-21	29-Nov-21	17/01/2021	Request for Formal Written Price Quotation for Outsource Cleaning Services	Steiner Hygiene	R 123 464.76
14	Quotation 14-2021-2022	22-Nov-21	30-Nov-21	13/01/2021	Request for Formal Written Price Quotation For 7 Laptops	URB ICT	R 141 310.00
15	Quotation 15-2021-2022	29-Nov-21	07-Dec-21	10/12/2021	Request for Formal Written Quotation for 92 Performance Vouchers	Checkers	R 62 720.00
16	Quotation 16-2021-2022	01-Dec-21	09-Dec-21	14/12/2021	Request for Formal Written Price Quotation for 23 Long Service Vouchers	Checkers	R 43 218.00
17	Quotation 17-2021-2022	15-Dec-21	22-Dec-21	21/12/2021	Request for Formal Written Price Quotation for 50 Food Parcels	Ofentste Group Holdings	R 60 000.00
20	Quotation 20-2021-2022	02-Feb-22	11-Feb 22	21/02/2022	Request for Formal Written Price Quotation For Fortogat 100e Firewall License Renewal For 1 Year	BSA Rekenardienste	R 29 500.00
22	Quotation 22-2021-2022	02-Feb-22	11-Feb-22	12/02/2022	Request for Formal Written Price Quotation For Msa 2040 San Controller	BSA Rekenardienste	R 31 800.00
23	Quotation 23-2021-2022	07-Feb-22	15-Feb-22	08/03/2022	Request for Formal Written Price Quotation for the Acquisition of 4 Laptops	BSA Rekenardienste	R 47 920.00

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24	Quotation 24-2021-2022	03-March-22	14-March-22	05/04/2022	Request for Formal Written Price Quotation For Cloud Back-up solution	URB ICT	R155 250.20
26	Quotation 26-2021-2022	16-Msrch-22	25-March-22	05/04/2022	Request for Formal Written Price Quotation for the Acquisition of 10 Laptops	URB ICT	R 126 400.00
27	Quotation 27-2021-2022	28-March-22	05-April-22	06/04/2022	Request for Formal Written Price Quotation for the Acquisition of 191 Vouchers	Checkers	R 129 654.00
29	Quotation 29-2021-2022	12- Apr-22	19-Apr-22	26-Apr-22	Request for Formal Written Price Quotation for the Acquisition of Tools for Water Leakage Repairs Project	Ray consulting	R 166 800.00
30	Quotation 30-2021-2022	12-April-22	19-Apr-22	10-May-22	Request for Formal Written Price Quotation for Acquisition of EPWP Protective Clothing	Hillgrow Consulting	R 159 000.00
34	Quotation34-2021-2022	19-May-22	27-May-22	30-May-22	Request for Formal Written Price Quotation for the Acquisition of Plumbing Material	Oranje Mica	R 106 393.55
37	Quotation37-2021-2022	30-May-22	07-June-22	08 June 2022	Request for Formal Written Price Quotation for Bacteriological Analysis of Water Samples	Pathcare	R 117 348.00

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All Tenders for 2021/2022

NR	TENDER	DESCRIPTION	CLOSING DATE OF BID	PROGRESS
1.	Tender 10-2021/21	Acquisition of 20 Laptops	19 July 2021	Tender awarded to BSA Rekenardienste.
2.	Tender 8-2021/2022	Rental & maintenance of 5 copier machines	12 Feb 2022	Tender awarded to ITEC.
3.	Tender 9-2021-2022	Competitive bid for short term insurance for a period of 12 months	17 Feb 2022	Tender awarded to Kunene Makopo Risk Solutions.

2.9 WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the ZFM DM Website	Yes / No
Current Annual and Adjustments Budgets and all Budget-Related documents	Yes
All Current Budget-Related Policies	Yes
The previous Annual Report 2020/2021	Yes
The Annual Report 2020/2021 to be published in 2022	Yes
All current Performance Agreements 2021/2022 required in terms of Section 57(1)(B) of the Municipal Systems Act	Yes
All Service Delivery Agreements 2021/2022	Yes
All Long-Term Borrowing Contracts 2021/2022	Yes
All Supply Chain Management Contracts above a prescribed value R100 000 for 2021/2022	Yes
An information statement containing a list of Assets over a prescribed value that have been disposed of in terms of Section 14 (2) or (4) during 2021/2022	Yes
Contracts agreed in 2021/2022 to which subsection (1) of Section 33 apply, subject to subsection (3) of that section	Yes
Public-Private Partnership Agreements referred to in section 120 made in 2021/2022	N/A
All Quarterly Reports tabled in the Council in terms of section 52 (d) during 2021/2022	Yes

Comment on Municipal Website content and access:

In terms of Section 75 (1) of the Municipal Finance Management Act, Municipalities are required to place certain documents on their website. The ZF Mgcawu District Municipality has a fully functional Website that is maintained and updated by the Communication Unit. The Website Policy for the 2021/2022 financial year was reviewed and approved by the Council on the 28th of May 2021.

The Website consists of more than just legislative information, it shares information about the functions of the District Municipality, projects and promotes participatory governance in the affairs of the District Municipality.

2.10 INTERNAL AUDIT

The ZF Mgcawu District Municipality has a fully functional Internal Audit Unit in accordance with Section 165 (1) of the Municipal Finance Management Act No. 56 of 2003. The primary objective of the Internal Audit Unit is to provide independent, objective assurance in terms of an integrated audit approach and to provide advice and information to Management and the Audit Committee in a cost-effective manner.

The Internal Audit Unit seeks to assist the District Municipality to accomplish its objectives by providing a systematic and disciplined approach to evaluate and improve the effectiveness of Risk Management, control, and governance processes.

The Internal Audit Unit also reviews and verifies compliance with rules, legislation, regulations, systems, policies, and procedures prescribed by the ZF Mgcawu District Municipality and regulatory authorities. It is an important and integral part of the control system which ensures that necessary controls are in place in the financial and operational activities of the District Municipality.

The ZF Mgcawu District Municipality supports the Internal Audit Unit as an independent appraisal function to examine and evaluate the financial and operational activities of the District Municipality.

Preparation of the Risk-based Audit Plan

A Risk-based Strategic Plan and Operational Plan was compiled for the 2021/2022 financial year. These plans were presented to all stakeholders for their inputs. The Internal Audit Plans were approved in the meeting on the 21st of June 2021. The Internal Audit Operational Plan was reviewed due to changes made on the Risk Register. These Internal Audit Plans were approved on 04 April 2021.

Policies approved for 2021/2022

Policies approved for 2021/2022	Date Approved
Audit Committee Charter	Audit Committee: 24 May 2021 Council: 30 June 2021
Internal Audit Charter	Audit Committee: 24 May 2021
Internal Audit Manual and Methodology	Audit Committee: 24 May 2021
Internal Audit Strategic and Operational Plans	Audit Committee: 21 June 2021 Reviewed on 04 April 2022

Internal Audit Programme

The Internal Audit Programme is included in the approved Operational Plan which was approved by the Audit Committee on the 21st of June 2021. All activities within the plan were executed. The Internal Audit Unit was also evaluated on its performance every quarter.

Internal Audit Reports 2021/2022

Quarterly Reports according to the approved Internal Audit Plan	Presented to the Audit Committee
Quarter 1 Internal Audit Reports completed	04 October 2021
Quarter 2 Internal Audit Reports completed	06 December 2021
Quarter 3 Internal Audit Reports completed	04 April 2022
Quarter 4 Internal Audit Reports completed	20 June 2022

Internal Audit Unit (Staff)

Six Staff members	Qualification	Years of Experience in Audit
GB Cloete Deputy Director: Internal Audit	<ol style="list-style-type: none"> 1. Degree in Baccauareus Commercii, 2. Higher Diploma in Education 3. Certificate in Advanced Program Risk Management 4. Certificate Programme in Management Development for Municipal Finance (CPMD) 5. Internal Audit Technician (IAT) 6. Professional Internal Audit (PIA) Assessment to be completed 	19 Years
J Shorty Unit Manager Internal Audit	<ol style="list-style-type: none"> 1. Bachelor of Theology Degree 2. Diploma in Education 3. Certificate in Professional Practice for Internal Auditors 4. Certificate in Municipal Finance 5. National Certificate in Municipal Finance Management 6. Internal Audit Technician (IAT) 7. Professional Internal Audit (PIA) Assessment to be completed 	18 Years
J van der Westhuizen Internal Auditor	<ol style="list-style-type: none"> 1. Diploma in Internal Auditing 2. Internal Audit Technician (IAT) 3. Professional Internal Audit (PIA) Assessment to be completed 	13 Years
B Clarke Internal Auditor	<ol style="list-style-type: none"> 1. Diploma in Internal Auditing 2. Municipal Finance Management Program 3. Internal Audit Technician (IAT) 4. Professional Internal Audit (PIA) Assessment to be completed 	13 Years
BS Mabala Internal Auditor	<ol style="list-style-type: none"> 1. National Diploma in Internal Auditing 2. Registered Professional Accountant Diploma 	4 Years
R Malgas Intern: Internal Audit	<ol style="list-style-type: none"> 1. National Diploma in Internal Auditing 	1 Year and 6 Months

2.11 AUDIT COMMITTEE

The ZF Mgcawu District Municipality has a fully functional Audit Committee in accordance with Section 166 of the Municipal Finance Management Act No. 56 of 2003. The role of the Audit Committee is critical to provide a mechanism for the rendering of impartial advice and recommendations to the Municipal Manager and the Council on financial and non-financial matters and to improve accountability and governance over the activities of the District Municipality.

In addition, many audit findings can be prevented or mitigated through oversight by the Audit Committee. It is therefore critical that the District Municipal Council effectively and regularly engages with the Audit Committee, to derive the most benefit for the Council and the District Municipality which it oversees.

The Audit Committee is an independent advisory body that has the responsibility of advising the District Municipal Council and the Accounting Officer on matters relating to:

- Internal financial control.
- The adequacy, reliability, and accuracy of financial reporting and information
- Performance Management
- Review the Annual Financial Statements to provide the Council with an authoritative and credible view of the financial position of the District Municipality, its efficiency, effectiveness, and its overall level of compliance with all applicable legislation.

Members of the Audit Committee

Name of Member	Qualifications	Period of Appointment	Experience
Mr. Leon Lankalebalela	Bachelor of Accounting Science Honours Bachelor of Accounting Science	01 January 2020 – 31 December 2022	15 Years
Mrs. Maré Venter	B. Accounting Professional Accountant (SA)	01 January 2018 – 31 December 2020	4 Years

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		01 January 2021 – 31 December 2023	
Mrs. A Viljoen	Bachelor of Accounting Science (BCompt) Post Graduate Diploma in Public Administration (NQF Level 8): not yet completed. Post graduate Diploma in Accounting Sciences (NQF Level 8): Applied for 2021 admission. Professional Accountant (SA)	01 January 2021 – 31 December 2023	11 Years

Audit Committee Meetings 2021/2022

Date	Activity	Status
23 - 24 August 2021	Review of the Annual Financial Statements, Annual Report and Annual Performance Report	The meeting took place as scheduled
04 October 2021	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 1 and all standing items.	The meeting took place as scheduled
06 December 2021	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 2 and all standing items.	The meeting took place as scheduled
04 April 2022	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 3 and all standing items.	The meeting took place as scheduled
20 June 2022	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 4 and all standing items.	The meeting took place as scheduled

Audit Committee Reports tabled to Council

The Audit Committee reports only twice in a financial year to Council as determined in the approved Audit Committee Charter. The Audit Committee Charter determined that the Audit Committee should report to Council in March and in August of each

financial year. The Audit Committee reported to the Council on the 30th of August 2021 and 29th of March 2022.

2.12 PERFORMANCE MANAGEMENT

The ZF Mgcawu District Municipality has a Performance Management System in place in accordance with section 38 of the Municipal Systems Act, 32 of 2000. Performance Management is a management tool to plan, monitor, measure, and assess performance indicators to ensure efficiency, effectiveness, and the impact of service delivery by the District Municipality.

Performance Management is the practice of linking the long-term strategic objectives of an organization to its day-to-day performance by setting measurable Key Performance Indicators (KPIs) and monitoring performance against those indicators.

The Municipal Systems Act places the responsibility on the Council to adopt the Performance Management System while holding the Executive Mayor responsible for the development and management of the system. The Executive Mayor delegates the responsibility for the development and management of the Performance Management System to the Municipal Manager. The Senior Management of the District Municipality is then in turn responsible for executing the Performance Management System within their respective teams according to this Policy.

The Municipal Manager as the Accounting Officer must keep the District Municipality informed about the transformation, development, implementation, and review of the Performance Management System.

The Municipal Systems Act requires Municipalities to develop a culture of municipal governance that complements formal representative government with a system of participatory governance. To meet this requirement, the Council has to, among other things, ensure that communication concerning the available mechanisms, processes, and procedures is disseminated to encourage and facilitate community participation.

The ZF Mgcawu District Municipality has ensured that public participation in Performance Management is encouraged by communicating performance information and ensuring that the process of developing the system is transparent, simple, realistic, fair, objective, and developmental.

The Performance Management Unit is responsible to:

- To ensure the implementation and compliance of all legal aspects of Chapter 6 of the Municipal Systems Act.

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- To facilitate the further development and refinement of the Performance Management System as the need arises.
- To continuously support the District Municipality with the implementation, assessment, review, monitoring, and reporting of the institution, its Section 57 employees, as well as other employees.
- To assist both people managers and employees alike with regards to the interpretation of this the Performance Management Framework, the tools used within the system, and the application of performance management in general.
- To monitor the implementation of the Performance Management System to ensure fairness and correct application.
- To research the strategic progress of the District Municipality and to report on the achievement or otherwise of the objectives and strategies.

Performance Management Policy Framework

The Performance Management Policy Framework guides the implementation of the Performance Management System for the District Municipality and serves as the official Performance Management Framework which informs the performance management process and practices. It also forms the basis of aligning the Integrated Development Plan with the operational business plans, performance areas, and performance indicators of the various departments of the District Municipality.

Service Delivery and Budget Implementation Plan (SDBIP)

Section 1 of the Municipal Finance Management Act defines the SDBIP as “a detailed plan approved by the Mayor of a Municipality in terms of section 53(1)(c)(ii) for implementing the Municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:

- (a) Projections for each month of-
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
- (b) Service delivery targets and performance indicators for each quarter”.

The Service Delivery and Budget Implementation Plan (SDBIP) gives effect to the Integrated Development Plan (IDP) and the budget of the District Municipality and will only be possible if the IDP and budget are fully aligned with each other, as required by the Municipal Finance Management Act. Indicators and targets must be formulated and delegated to all employees within the District Municipality. Once approved, the IDP is married with the budget in a document called the Service Delivery and Budget and Implementation Plan (SDBIP), which provides a workable management tool from which to operate under and monitor the progress of the institution.

The SDBIP does the following:

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- It presents projects as ‘indicators’ aligned with the accompanying strategies, objectives, and developmental priorities of the District Municipality.
- It attaches an annual target to each indicator.
- It ensures that each indicator that requires funding has been allocated an account number in the budget with a corresponding amount.
- It ensures that the spending of each account in the budget can be monitored through the Performance Management System.
- It breaks down each indicator into quarterly manageable targets to allow for continual monitoring of performance (certain indicators are specified as only being able to be monitored half-yearly or annually).
- It assigns an accountable department for each indicator.

The Service Delivery and Budget Implementation Plan (SDBIP) is approved by the Mayor 28 days after the budget has been formally approved at a Council meeting. At the same time, the Mayor agrees on the details of the performance plan for the Municipal Manager and gives consent to the plans for all the Section 54& 56 employees (top management). The Service Delivery and Budget Implementation Plan (SDBIP) for the 2021/2022 financial year was approved by the Executive Mayor 28 days after the budget was formally approved by the Executive Mayor on the 11th of June 2021.

Performance Management Reports 2021/2022

When reporting back on performance it is important to detail exactly what has been achieved or specify the standard that has been achieved. If a target has not been met, it is important to specify why the target has not been met and state the measures that are to be put in place to ensure that the target is met in the future. If applicable, it is also important to state whether the annual target will be affected by any non-achievement of the in-year target.

At the level of the SDBIP, the Quarterly Report is the method of reporting back to the Council and the community of the progress made to date.

- The Quarter one report was tabled to Council on 14 December 2021 and submitted to COGHSTA
- The Quarter two report was tabled to Council on 28 January 2022 and submitted to COGHSTA
- The Quarter three report was tabled to Council on 30 May 2022 and submitted to COGHSTA
- The quarter four report has not been tabled to Council and COGHSTA

Performance Assessments of Section 66 Employees

The SDBIP and job description is the basis from which the performance plans for employees are drawn. As every activity is attached to an official who is responsible for it, one can see that institutional performance is inseparable from individual

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performance. For the municipality to succeed in its objectives, it depends on the performance of every employee.

All permanent employees of the ZF Mgcawu District Municipality were evaluated every quarter. Performance rewards were distributed to employees who qualify each quarter. The performance assessment quarters for the 2020/2021 financial year were divided as follows:

- Quarter 1 (July – September)
- Quarter 2 (October – December)
- Quarter 3 (January – March)
- Quarter 4 (April – June)

In accordance with the Performance Management Framework the criteria for performance rewards were as follows:

The average will then determine for which reward the employee qualifies:

Criteria for rewards per Quarter for the financial year:

Criteria Percentage Scored	Classification	Rewards
Lower than 60	Poor Performer	No reward
60-74	Average Performer	Motivational letter from the Municipal Manager
75-80	N/A	R250 voucher
81-85	N/A	R500 voucher
86-90	N/A	<ul style="list-style-type: none">▪ R650 voucher▪ 1 x annual leave day▪ Photo on IMIS (Internal Communications Tool)▪ Portrait
91-100	The employee of the Quarter	<ul style="list-style-type: none">▪ R750 voucher▪ Photo on IMIS▪ Portrait▪ 2x annual leave days▪ Featured on the municipal website and externally in the local Newspaper called the Gemsbok.

Performance Audit Committee

The Performance Audit Committee is a Committee that the Performance Management Unit should report to on performance-related matters.

The approved Performance Management Framework acknowledges that a separate independent body must also be appointed to continually monitor and audit the District Municipality and looks, amongst other matters, at compliance with performance management requirements.

The ZF Mgcawu District Municipality does not have a Performance Audit Committee, however, the Performance Management Framework makes provision that the District Municipality can use either the existing Audit Committee or appoint a Committee specifically dedicated to performance.

The District Municipality did not have the budget to appoint such a Committee therefore the Audit Committee performs this function. The Audit Committee meets at least twice a year to review both the performance of the District Municipality and its employees and also to objectively comment on how the Performance Management System is being used at the District Municipality.

Panel Review for the Municipal Manager Section 54 and Section 56 Employees

The Performance Evaluation Committee determines the percentage of the performance bonuses of the Senior Management and only have one sitting at the end of the financial year. The approved Performance Management Framework sets out the composition of the Performance Evaluation Committees and the process for the evaluation of section 54 and section 56 employees are set out below.

For the Municipal Manager and Section 54 and 56 employees, the review is conducted by the Executive Mayor or Municipal Manager (respectively) with the employee. The ratings are then evaluated by a panel consisting of the persons listed in the tables below.

The performance evaluations of sections 54 and 56 took place on the 23rd March 2022.

Performance Evaluation of Section 56 Employees

Name of Member	Capacity/Position
Mr. J.G. Lategan	ZFM Municipal Manager
Cllr. P.M. Mgcera	Councillor
Cllr. A. Johnson	Councillor

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Mr E. Ntoba	Municipal Manager: Dawid Kruiper Local Municipality
Mr L. Lankalebalela	Chairperson: Audit Committee Member

Performance Evaluation of Section 54 Employees

Name of Member	Capacity/Position
Cllr. P.M. Mgcera	Chairperson [Representing the Executive Mayor]
Cllr. A. Johnson	Councillor
Mr E. Ntoba	Municipal Manager: Dawid Kruiper Local Municipality
Mr L. Lankalebalela	Chairperson: Audit Committee Member

Performance Bonuses

The Council of the ZF Mgcawu District Municipality adopted the recommendations of the Performance Evaluation Committees at a Council meeting held on the 29th of March 2022. We herewith report on the performance bonuses awarded for the 2021/2022 financial year as follows:

Item	Status
Names of section 54 and Managers that were awarded bonuses	<ul style="list-style-type: none">▪ J.G. Lategan▪ P. Beukes▪ I. De Waal▪ D.J. Van Zyl
The number of bonuses awarded to section 54 and 56 managers	Municipal Manager (JG Lategan) R 164 718.58
	Director of Corporate Services (DJ Van Zyl) R 154 382.27
	Director of Financial Services (P. Beukes) R 94 385.45
	Director of Planning and Development (I De Waal) R 110 816.20
TOTAL ACTUAL	R 524 302.50

The ZF Mgcawu District Municipality did make provision in its 2021/2022 annual budget for the awarding of performance bonuses to Senior Management.

2.13 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

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

2.14 OVERSIGHT COMMITTEE

The ZF Mgcawu District Municipality has done away with its Oversight Committee and has established a Municipal Public Accounts Committee (MPAC) in line with the guidelines issued by the National Treasury and the Department of Cooperative Governance.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

3.1 HOUSING

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

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

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

Accreditation

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

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Municipality, the former //Khara Hais Local Municipality. The District Municipality is in the process of forming the Allocation Committees with the Kai! Garib, !Kheis, Tsantsabane, and Kgatelopele Local Municipalities and will be responsible for allocating the criteria for beneficiaries of new projects since the waiting list are no longer used in beneficiary allocations. The District Municipality currently has a Housing Committee, which sits every quarter and is chaired by the Chairperson of the Service Delivery Portfolio Committee.

Housing Consumer Education

The Housing Unit conducted Housing Consumer Education in Kgatelopele, Tsantsabane, !Kheis, and Kai! Garib Local Municipalities. The Housing Consumer Education was conducted to the beneficiaries of all the running projects.

Training and Workshops

- Consumer Education is a national priority program and has its main aim to educate all beneficiaries who have received houses from the government since 1994, train Housing Officials on-site and evaluate the quality of the facilitation of the session.
- Different modules were presented to the community as per the manual and a session of questions and answers relating to housing was facilitated by Senior Housing Officials and technical officials. These officials were identified and trained to be facilitators, trainers, and evaluators with different roles to perform in a session.
- The execution of the program focused mainly on facilitating and was rolled out to all Local Municipalities monthly jointly with all running projects.
- The focus was only on current beneficiaries and all other house owners were excluded and each session only accommodated 50 people.
- The District Municipality took up the responsibility of consumer education once its accreditation was approved.
- The District Municipality regularly embarked on training campaigns in conjunction with the Local Municipalities and the Regional Department of Human Settlements.

3.2 SPATIAL PLANNING AND LAND USE MANAGEMENT

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

Item	Progress on Process
Collective agreement on parties to a tribunal	Meetings with all parties (Local Municipalities)
Council approval by all parties to the agreement	<ul style="list-style-type: none"> ▪ Financial constraints by Local Municipalities ▪ Memorandum of Understanding (MoU) ▪ Call for Nominations ▪ Invite members ▪ Evaluation panel on members ▪ Bylaws adopted
The signing of the Memorandum of Understanding	All parties signed the Memorandum of Understanding (MoU)
Call for Nominations	Adverts published by ZFM DM
Evaluation panel	The panel convened on members
Notice of readiness	Adverts published by ZFM DM
The signing of the Code of Conduct (CoC)	All members
Training to members	ZFM provided training
Dates of Tribunals	02 September 2021 22 October 2021 04 March 2022 12 April 2022

The District Municipality ensured that all Land Development Applications (LDA's) were completed for consideration as prescribed by SPLUMA and the Professional Town Planner provided the recommendations. The District Municipality has however

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become responsible for all processes regarding the lodgement of LDA's and ensures that the LDA's are complete to be considered by the tribunal.

Land Development Applications may be complex documents with other legislation and Departments affecting the application. Applicants submitting applications were constantly requesting assistance and information on LDA's and were not sufficiently assisted by the Local Municipalities due to officials who were not capable of providing the needed assistance. These applicants had to be guided by ZFM DM to ensure that applications were complete as per SPLUMA. The Land Use Management Bylaws adopted by all the Local Municipalities were confusing to most applicants due to numerous reasons including but not limited to:

- Newly implemented SPLUMA Regulations,
- Other legislation influencing applications (National Environmental Management Act (NEMA), Deeds Registers, Bonds, Power of Attorney, Mineral Act, etc.),
- No objections from Departments,
- Public Participation procedures,
- Notices to affected parties,
- Removal of restrictive conditions,
- Application fees and capital contributions,
- Surveyors Diagrams,
- Act 70 of 1970 Subdivision of Agricultural Land,
- Applicants not registered with the South African Council for Planners (SACPLAN),
- Local Municipalities not implementing adopted schemes.

Other support provided by the ZF Mgcawu District Municipality also included the following:

- Assistance to Local Municipalities in establishing appeal tribunals and the adoption of appeal procedures,
- Approved Land Use Management Systems,
- Training on SPLUMA-related matters,
- Draft capital contributions for all Land Development Applications,
- Evaluation of Spatial Development Frameworks,
- Evaluation of Land Use Schemes,
- Approval of SPLUMA compliant Land Use Schemes,
- Adoption of Land Use Management Bylaws in terms of SPLUMA,
- Inputs on township establishment by COGHSTA and Heads of Departments,
- The signing of the Memorandum of Understanding,
- Member of Committees responsible for the review of Spatial Development Frameworks (SDFs) and Land Use Scheme (LUS)

SPLUMA support occurs daily. The SPLUMA Unit does not provide support only on certain dates or as requested, it is ongoing.

3.3 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

Local Economic Development (LED) is an approach towards economic development that allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents within the ZF Mgcawu District Municipal area.

The ZF Mgcawu District Municipality has a LED Unit which as a programme is intended to maximize the economic potential of all the Local Municipalities throughout the District to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation, and development initiatives within the context of sustainable development. The “local” in economic development points to the fact that the political jurisdiction at a local level is often the most appropriate place for economic intervention as it carries alongside it the accountability and legitimacy of a democratically elected body.

Section 84 of the Municipal Structures Act, 117 of 1998 gives the District Municipality the responsibility and the mandate to promote local tourism. The overall purpose of the LED and Tourism Unit is to pursue economic growth and facilitate the creation of job opportunities within the District.

3.3.1 LOCAL ECONOMIC DEVELOPMENT (LED)

LED Strategy

The LED strategy of the ZF Mgcawu District Municipality was adopted in May 2018. The implementation thereof remains a challenge as is the case with any other strategy it should be coupled with resources and in this case, it is human resources and financial resources to ensure its implementation. The strategy was developed in conjunction with the Provincial Department of Economic Development and Tourism (DEDaT) and inputs were gathered from consultative sessions across the District by various stakeholders. The LED Strategy has not been reviewed, we have compiled a LED Economy Recovery plan which was approved by the Council and requested by the National Department of Cooperative Governance and Traditional Affairs.

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LED Functions and dates of meetings for 2021/2022

On 21 September 2021 the LED unit of ZF Mgcawu district and Tsantsabane Local Municipality assisted the National Department of Small Business Development in assisting 100 applicants to complete their application forms for funding through the Informal and Micro Enterprises Development Programme of the Department.

On the 10th December 2021, 68 out of the 100 applicants from Tsantsabane Local Municipality applicants received their equipment that has been through the IMEDP.

LED Forum

A new Provincial LED Forum has been established by the Department of Economic Development and Tourism the first LED forum meeting was held in Upington at Waterfront farm guesthouse on the 12 July 2022 (2022/2023 financial year)

LED Projects

The LED and Tourism Unit's submitted a Business Plan to the Provincial Department of Economic Development and Tourism for funding on 28 February 2022, we still await a response from the Provincial Department of Economic Development and Tourism.

LED training

LED training that took place for the 2021/2022 financial year.

- Tender and Procurement Workshop for SMMEs and Stakeholders (16 March 2022)
- Local Content and Production workshop for SMMEs and Stakeholders (12 May 2022)
- The National Empowerment Funding Application Process Training (02 June 2022)

LED Awareness Campaigns

We visited all the local municipalities within the district to create awareness about the Township and Rural Enterprise Programmes (TREP) of the National Department of Small Business Development, SEDA and SEFA as well as the Blended Funding programme by the Provincial Department of Economic Development and Tourism in partnership with National Empowerment Fund (NEF). These two programmes make it possible for SMMEs within the District to acquire funding for startup, sustainability and growth of their businesses.

Challenges impacting Projects and Campaigns

- Finance and Human Resource capacity are the biggest challenges in implementing projects and campaigns.

3.3.2 TOURISM

Tourism Awareness Campaign

The LED & Tourism Unit conducted the Annual Tourism Awareness Campaign, during the 2021/2022 financial year the Tourism Unit worked together with the Dawid Kruiper Municipality and the Department of Economic Development and Tourism in the District, we were distributing tourism material on the N14 for tourists who entered and exited the town. The theme for tourism 2021 was “Tourism for inclusive growth”. On the 23rd of September 2022 when we conducted the tourism awareness campaign we reached a total of 879 tourist entering and exiting the town.

Facility Visits

The Tourism Unit of ZF Mgcawu District Municipality embarked on facility visits in, Kgatelopele, Tsantsabane, Dawid Kruiper (Kalahari Red Dunes Route), Kai Garib and Kheis from 29 November – 06 December 2021. It remains imperative for every Tourism Unit to understand the status of facilities within the Green Kalahari region when making necessary referrals to tourists visiting or wishing to visit.

Below are a few challenges that were listed by facility owners during our facility visits:

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

The above-mentioned challenges were addressed at the Provincial Tourism meeting, the Provincial Department of Economic Development and Northern Cape Tourism Authority (NCTA) assured us they will look into the challenges.

Caravan Show and International Trade Show (Indaba 2022)

In partnership with the Provincial Tourism Authority, the ZF Mgcawu Tourism Unit had the privilege to attend two shows namely the Caravan Show and the Travel Indaba. The Caravan Show took place at Gallagher Convention Centre in Johannesburg from 24 – 27 February 2022 and the Travel Indaba took place from 03 – 05 May 2022 at the Durban ICC and the Travel Indaba was officially opened by Minister Lindiwe Sisulu. The Northern Cape’s MEC of Economic Development and Tourism and the Executive Mayor as well as the Speaker of ZF Mgcawu also attended the Travel Indaba.

Tourism Meetings for 2021/2022	
Tourism Forum Meetings	Tourism Mier Project Steering Committee Meetings
14 September 2021	30 September 2021
30 November 2021	30 November 2021
08 March 2022	

No Tourism Marketing meetings were held for the financial year 2021/2022.

3.3.3 EXTENDED PUBLIC WORKS PROGRAMME (EPWP)

In an attempt to address unemployment, the Expanded Public Works Program (EPWP) is a fundamental tool used to provide temporary employment through the implementation of job creation projects.

The programme provides an important avenue for labour absorption and income transfers to poor households, in the short to medium term.

EPWP projects employ workers on a temporary or ongoing basis with government, contractors, or other non-governmental organisations under the Ministerial Conditions of Employment for the EPWP or leadership employment conditions.

The EPWP Unit was not allocated an EPWP Incentive Grant (IG) for the year 2021/2022 during the initial allocation published within the DoRA (Division of Revenue Act 2 of 2013).

Through much engagement with the National Department of Public Works and Infrastructure and a lengthy process, we managed to persuade them that their decision was unjust and needed to be rectified. In March 2022 the National Department of Public Works and Infrastructure decided to rectify their error and allocated an EPWP IG for the period April 2022 to June 2022 with an expected target to be reached of 28 FTE's.

Project Aims:

- Alleviating poverty by creating temporary jobs.
- Repair household water leakages.

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- Restore the dignity of our people by replacing broken dysfunctional toilet pans.
- Assist the semi-skilled or interested individuals by linking them to the Provincial Department's Enterprise Development section for exploring possible growth post-project completion

Project Identification

The Province approved the following projects:

(1) Water Leakage Repairs Dawid Kruiper

- Identified temporary EPWP workers ranged between 209-215 throughout the project duration
- All workers received induction training provided by the province
- Workers received protective clothing
- Workers were given tools for implementation
- Households water leakages and pots were installed
- Water taps were installed
- Basin traps prepared
- Water access from outside connections to some household were installed. households
- Some participants were identified by the province enterprise sector to be capacitated within their trade and through other value-added means and are currently undergoing capacitating programmes provided by the province

(2) Water Leakage Repairs Kai Garib

- Identified temporary EPWP workers were 72 throughout the project duration
- All workers received induction training provided by the province
- Workers received protective clothing
- Workers were given tools for implementation
- Households water leakages and pots were installed
- Water taps were installed
- Basin traps prepared
- Water access from outside connections to some household were installed. households

- Some participants were identified by the province enterprise sector to be capacitated within their trade and through other value-added means and are currently undergoing capacitating programmes provided by the province

(3) Refurbishment of ZFM Satellite Office Public Works

- Identified temporary EPWP workers were 24 throughout the project duration
- All workers received induction training provided by the province
- Cleaned and refurbished the interior walls

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FTE Calculations:

Project Name	Fortnight Duration	Total Nr. Employees	Total Nr. of Days worked	Total FTE's
Dawid Kruiper Water Leakage Repairs	25 April 2022 -	215	08 Days	7.47
	06 May 2022 -	209	10 Days	9.08
	09 May 2022 -	72	10 Days	3.13
	20 May 2022 -	127	10 Days	5.52
	23 May 2022 -			
	03 June 2022 -			
	06 June 2022 -			
	17 June 2022			
Total			38	25.20
Kai Garib Water Leakage Repairs	25 April 2022 -	72	08 Days	2.50
	06 May 2022 -	72	10 Days	3.13
	09 May 2022 -	72	10 Days	3.13
	20 May 2022 -	72	10 Days	3.13
	06 June 2022 -			
	17 June 2022			
Total			28	8.76
Satellite Office Refurbish	11 April 2022 -	24	4 Days	0.41
	14 April 2022 -	24	08 Days	0.83
	19 April 2022 -			

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	29 April 2022			
	02 May 2022			
	-	24	09 Days	0.93
	13 May 2022			
	16 May 2022			
	-	24	10 Days	1.04
	27 May 2022			
	30 May 2022			
	-	24	10 Days	1.04
	10 June 2022			
Total			41	4.25
Overall Total			107	38.21

Water is life and we need to by all means possible preserve our natural resources. Dignity to so many residents was restored by providing them with decent sanitation. Many unemployed were given the opportunity to capacitate themselves by means of on-the-job training as well as receiving a wage that would give him/her the opportunity to provide for their families.

3.4 RURAL ROADS ASSET MANAGEMENT SYSTEM GRANT (RRAMS)

The Rural Roads Asset Management Systems (RRAMS) Grant has established a graduate recruitment programme aimed at recruiting suitable candidates to undergo the job graduate development programme in the area of Road Asset Management. The RRAMS Programme seeks to attract qualified civil engineering or equivalent candidates, primarily those seeking experiential learning to enhance graduation requirements as part of their academic obligations. The programme is aimed at building road sector management capacity at the Local Government level.

The purpose of the RRAMS Grant is to assist District Municipalities in setting up their Road Asset Management Systems and collecting road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA). It aims to improve data on municipal rural roads to guide infrastructure maintenance and investment which will improve the operating cost of vehicles.

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

The consideration of ownership of roads should also be made as part of the development of the asset inventory. This consideration is required to determine the need to redefine the ownership of roads. New roads may be identified which require proclamation while existing roads may require a reassessment of ownership. The ZF Mgcawu District Municipality is currently at level II in terms of Road Assets Management Systems.

Inventory Assessment

There were no inventory assessments conducted in the financial year 2021/22. The inventory assessments are completely done in District. The graduates will only conduct where there is an upgrade, construction of a new road and maintenance of ancillary assets. The graduate technicians conducted preliminary bridge and major culvert assessments. The average condition of all structures in the District is in fair condition as most of the structures experienced minor defects.

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The table below shows a list of the bridges and major culverts that were assessed in the District:

Bridges and Major Culverts in ZF Mgcawu DM						
District	Authority	Type of Structure	Town	Dimensions (LxB) in m	Defects on the structure	Attention
ZF Mgcawu	!Kheis LM	Water way bridge	Wegdraai	6m x 6m	Expansion cracks on the joints	Not urgent
ZF Mgcawu	Kai !Garib LM	General Bridge	Augrabies	51.5m x 3.5m	There is honey comb, spalling ,cracks and no road sign to indicate that is a one way bridge	Not urgent
ZF Mgcawu	Kai !Garib LM	General Bridge	Marchand	307.5m x 3.5m	Minor damages on the edges, No protection works, blocked drainage holes,Tansverse cracks, minor cracks on the wing halls and no backfill.	Not urgent
ZF Mgcawu	Kai !Garib LM	General Bridge	Augrabies	25m x 3.5m	Scuppers are blocked and small spalling on the deck	Not urgent
ZF Mgcawu	Kai !Garib LM	General Bridge	Augrabies	24m x 4.5m	Unable to assess underneath the bridge due to reeds filled the stream, minor cracks on the deck.	Not urgent
ZF Mgcawu	Kai !Garib LM	General Bridge	Keimoes	47m x 5m	Backfill is needed on both abutments, laterall cracks on the 2 piers, no drainage and minor spalling and honey comb.	Not urgent
ZF Mgcawu	Kai !Garib LM	General Bridge	Raaswater	16.5m x 7.5m	Minor spalling at edges and no wing wall and retaining wall.	Not urgent
ZF Mgcawu	Kgatelopele LM	Major culvert	Danielskuil	4m x 4.3m	Major cracks on the retaining wall and urgently attention is needed	Not urgent
ZF Mgcawu	Kgatelopele LM	Major culvert	Danielskuil	9m x 11m	Minor spalling, cell displacement and joints are exposed and shrubs in a waterway.	Not urgent
ZF Mgcawu	Tsantsabane LM	Major culvert	Postdene	5m x 11.1m	Cracks on the wing wall ,minor spalling and cell displacement	Not urgent
ZF Mgcawu	Tsantsabane LM	Major culvert	Postdene	11.2m x 11.5m	Minor spalling on cell 2 and cracks on the wing wall	Not urgent
ZF Mgcawu	Dawid Kruiper LM	Major culvert	Rietfontein	11.7m x 8m	minor cracks and no erosion protection	Not urgent
ZF Mgcawu	Dawid Kruiper LM	Major culvert	Rietfontein	11.5m x 8m	Minor spalling and shrubs on the waterway	Not urgent
ZF Mgcawu	Dawid Kruiper LM	Major culvert	Rietfontein	7.5m x 6m	minor cracks and missing bricks on the head walls	Not urgent
ZF Mgcawu	Kai !Garib LM	Major culvert	Kenhardt	18.5m x 10.5m	Minor cracks on head walls, debris on the water way. The slab has shifted a bit from wing wall .	Not urgent
ZF Mgcawu	Kai !Garib LM	Major culvert	Augrabies	6.4m x 16m	No defects on the Structure, Gabions need maintenance	Not urgent

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ZF Mgcawu	Kai !Garib LM	Major culvert	Kakamas	9m x 11m	Spalling and major cracks in cell 1, reinforcement is exposed.	Not urgent
ZF Mgcawu	Kai !Garib LM	Major culvert	Keimoes	13.2m x 5.5m	Minor transverse 5mm cracks on the deck and spalling on the cut off walls	Not urgent
ZF Mgcawu	Kai !Garib LM	Major culvert	Cillie	7m x12.8m	The cells are partially blocked .	Not urgent

Visual Assessments

Technical Methods for Highway Manual for Visual Assessment

The Technical Methods for Highway Manual for Visual Assessment of road pavements is the guiding tool for visual assessments of the condition of the roads at the network level for use in pavement management systems.

This tool allows for the District Municipality to determine the following:

- The condition indices
- The maintenance and rehabilitation needs, and
- The priorities at the Network level

The process involves analysis of the stress upon the road network whereby visual characteristics are classified under Attributes of Distress (Type, Degree, Extent and Spacing/Activity where applicable).

The District Municipality used the Fulcrum system to capture the information collected while conducting visual assessments within the Local Municipalities of the ZF Mgcawu District Municipality.

Assessed Local Municipalities

The table below shows the length of the road network assessed for the 2021/2022 financial year. The focus for the financial year was on the Second Cycle visual roads assessments for unpaved roads as stipulated in the Business plan.

Local Municipality	Road Network Length (km)		
	Paved	Unpaved	Total
Tsantsabane	0	154.8	154.8
Kai !Garib			

The second cycle of the RRAMS Visual Assessments for Unpaved (earth and gravel roads) is to continue in Kai !Garib during the 2022/2023 financial year. There is only one local Municipality outstanding in terms of second cycle visual assessment for unpaved roads. This will capture the new settlements that were not captured in the first cycle. Engagement with the Local Municipalities will be crucial to locate the new

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or extended settlements. The graduate technicians are done with Gravel Road Management System (GRMS) reports for Dawid Kruiper LM, !Kheis LM, and Kgatelopele LM.

RRAMS Traffic Counts

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

Local Municipality	Percentage Completed	Comments
Dawid Kruiper Local Municipality	0%	Traffic counts to be conducted in the 2022/23 financial year, 10 stations were identified and a minimum of 20 numerators will be hired.
Kgatelopele Local Municipality	0%	Traffic counts are planned for the 2022/23 financial year. The RRAMS team will meet with the Kgatelopele Local Municipality. The Project Management Unit Officials will discuss the traffic count stations.

No traffic counts were conducted during the 2012/2022 financial year. Traffic counts were planned for the Dawid Kruiper Local Municipality and the Kgatelopele Local Municipality. The stations have been identified by the graduates and still need to be confirmed by the Local Municipality Officials. The traffic counting has been postponed to the 2022/2023 financial year due to financial constraints.

RRAMS Training Report

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

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

development and maintenance.

The RRAMS Programme is intended to develop an understanding of the systems and the role of maintenance of infrastructure to sustain development.

The graduate technicians attended visual assessment for bridge and major culverts training with SARF in the 2021/22 financial year as one of the training stipulated in the business plan.

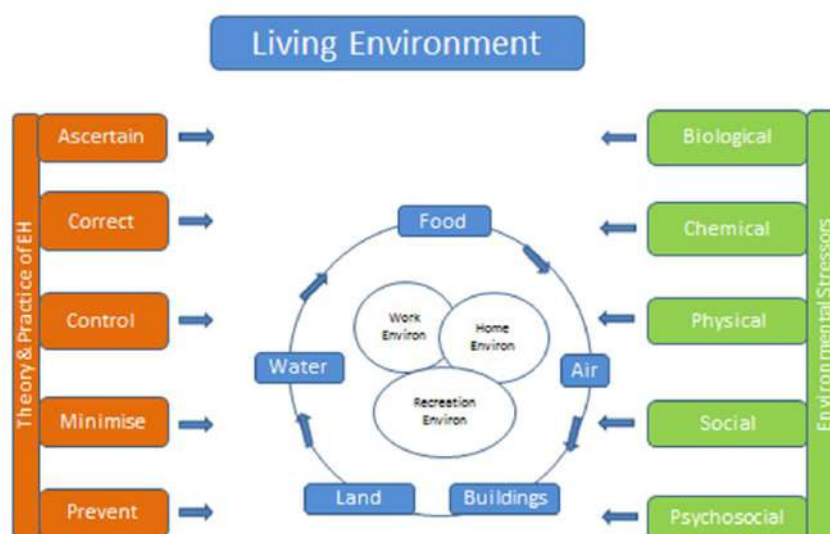
3.5 ENVIRONMENTAL HEALTH SERVICES

Environmental Health Services in the District and a part of their functions include Environmental Health Services (EHS) is a function of District and Metropolitan Municipalities in South Africa in terms of Section 32 (1) of the National Health Act 2003 (Act 61 of 2003), as amended and stipulates that “Every Metropolitan and District Municipality must ensure that appropriate municipal health services are effectively and equitably provided in their respective areas.”

The ZF Mgcawu District Municipality provides the surveillance and prevention of communicable diseases, general hygiene monitoring, health surveillance of premises, disposal of the dead, and water quality management.

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

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



Area of jurisdiction

ZF Mgcawu District rendered environmental health services in the Dawid Kruiper, !Kheis, Kai! Garib, Tsantsabane and Kgatelopele local municipal areas during the financial year 2021/2022.

Current operations

There are 8 EHPs (Environmental Health Practitioners) operating in the ZF Mgcawu District Municipal area. Of these EHPs, 2 are in management positions, which leaves 6 operational EHPs which gives an average of 1 EHP to every 42000 of the population. The national norm is 1 EHP to every 10 000 of the population.

The vast distances in the province of 102 484km² make it even more of a challenge to render a proper Environmental Health Service.

This risk was added to the Risk Register

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

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

Planning

The EH Unit compiles an annual strategic operational plan for every financial year and this EH Strat Plan 2021/22, guided the operations of the EH Unit in ZFM.

Reporting

The Environmental Health Unit reports on its operations as follows:

- Monthly DHIS (District Health Information System) to the Department of Health.
- Monthly to the Mayoral Committee of ZF Mgcawu District Municipality.
- Quarterly to the Portfolio Committee of ZF Mgcawu District Municipality.
- A quarterly comprehensive EH Report was sent to every local municipality where ZF Mgcawu renders an Environmental Health service and these EH Quarterly reports address all issues under the scope of practice for EHPs.

Evaluation

Operations and production of the environmental health unit as indicated in the IDP and then unpacked in the SDBIP is reviewed quarterly through the performance management and SDBIP evaluation systems on all environmental health operations in the ZF Mgcawu District Municipality. There is also a Risk Management profile for the EH Unit in ZFM and the control measures on that is also monitored quarterly.

Auditing

The EH Unit was also audited by the Internal Audit Unit of ZFM for the 2021/2022 financial year.

Covid 19

The Environmental Health Services Unit at the ZF Mgcawu District Municipality was actively involved in awareness campaigns specifically targeted at COVID-19 and training of all stakeholders involved in the fight to curb the spread of the coronavirus.

Operations during the COVID-19 outbreak for the 2021/2022 financial year were as follows:

Activity	Area
Educate funeral undertakers on the handling of covid mortal remains	Dawid Kruiper Local Municipality, Tsantsabane Local Municipality and Kai! Garib Local Municipality
Evaluation of ECDs and old age homes, to determine and Covid Protocols, and process Health certificates and COAs in terms of Regulation 638	Dawid Kruiper Local Municipality, Tsantsabane Local Municipality, Kgatelopele Local Municipality, !Kheis and Kai! Garib Local Municipality
Risk assessments were done at Schools to determine their COVID-19 readiness and compliance with safety protocols	Dawid Kruiper Local Municipality, Tsantsabane Local Municipality, Kgatelopele Local Municipality

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	!Kheis Local Municipality and the Kai! Garib Local Municipality
Weekly reporting to the Department of Health regarding Restaurants, Schools, Churches and ECDS for July and August 2021	Dawid Kruiper Local Municipality, Tsantsabane Local Municipality, Kgatelopele Local Municipality, !Kheis and Kai! Garib Local Municipality

State of Environmental Health in ZFM

ZF Mgcawu District Municipality at present cannot sustain an efficient Environmental Health Service.

Although we are faced with severe personal and financial shortages the unit does its best to perform in the following health indicators:

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State of Environmental Health in ZFM		
Health Indicator	Definition	Currant state
Water	Water Quality Monitoring.	<p>!Kheis Municipality The water quality samples taken largely did not comply to the requirements. There was an improvement the last 2 months</p> <p>Dawid Kruiper Municipality The water quality is usually up to standard</p> <p>Kai!Garib Municipality The water quality samples taken largely did not comply to the requirements</p> <p>Tsantsabane The water quality is usually up to standard</p> <p>Kgatelopele Municipality The water quality is usually up to standard</p>
Sanitation	Monitor state of general sanitation in the community and monitoring of sewage treatment works.	<p>!Kheis Municipality Plants have enough capacity, management is a challenge.</p> <p>Dawid Kruiper Municipality Periodic overflow of sewerage</p> <p>Kai!Garib Municipality Overflow of septic tanks due to backlog of suction services. Lack of vehicles</p> <p>Tsantsabane Municipality Periodic overflow of sewerage</p>

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		Tsantsabane Municipality Periodic overflow of sewerage
Waste Management	Waste site monitoring, clean environment, and health care waste monitoring.	!Kheis Municipality Poor management of landfill sites in terms of NEMWA 59 of 2008. Kai!Garib Municipality Poor management of landfill sites in terms of NEMWA 59 of 2008 Dawid Kruiper Municipality Poor management of landfill sites in terms of NEMWA 59 of 2008 Tsantsabane Municipality Poor management of landfill sites in terms of NEMWA 59 of 2008 Kgatelopele Municipality Landfill site managed properly
Food Control	Regular inspections of food premises and compliance to Regulation R638 regarding hygiene on food premises.	Regular inspections
Hygiene	The general hygiene of premises and the state of the environment at schools and Early Childhood Development Centers.	Regular inspections

3.5.1 ENVIRONMENTAL HEALTH-AIR QUALITY MANAGEMENT

The ZF Mgcawu District Municipality recently resumed the function of Air Quality Management in the District, after it had been administered by the Northern Cape Department of Environment and Nature Conservation. Administered

The objectives of the National Environmental Management Act, 39 of 2004 is to protect the environment by providing reasonable measures to protect air quality and to prevent air pollution and to give effect to Section 24 (b) of the Constitution which makes provision for every South African to have the right to have the environment protected, for the benefit of present and future generations.

Air Quality Management is an original mandated function of Metro and District municipalities. ZF Mgcawu District Municipality manage air quality as indicated in the National Environmental Management – Air Quality Management Act 39 of 2004 as well as the National Dust Regulations, R827 of 1 November 2013.

Key functions and main activities for the financial year ending June 2022 were:

- The administration of the air quality management function in the ZFM region.
- Designated air quality management officer in ZF Mgcawu Region.
- Close collaboration and regular meetings with the Department of Forestry, Fisheries and the Environment in the Northern Cape by attending Quarterly Provincial Air Quality Management meetings.
- Developed draft air quality management by-laws for the ZF Mgcawu region. Due to Covid 19 pandemic, public participation in these by-laws is postponed until May 2023.
- Developed an emission source map for the region in December 2021 from information on NAEIS (National Atmospheric Emission Inventory System).
- Although hampered by the Covid – 19 pandemic, there were clean fires and air quality management awareness campaigns in Riemvasmaak, Swartkopdam, Rooiwal Uap, Kenhardt and Groblershoop communities.
- Attended training on National Dust Control Regulations and NAEIS Air Quality Management by Department of Forestry, Fisheries and the Environment.

3.6 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The ZF Mgcawu District Municipality has a fully functional Information and Communication Technology (ICT) Unit which serves as the heart of the organization as it caters to all Departments of the District Municipality regarding ICT services and it also provides the support needed by the Employees and Councillors.

The Information Technology (IT) Unit is responsible for the architecture, hardware, software, and networking of computers in the District Municipality and IT ensures that all employees have full access to the computer systems used by the District Municipality.

Functions of the Information and Communication Technology Unit

The Information and Communication Technology Unit has the following functions:

- Planning, design, procurement, implementation, management, and maintenance of municipal information and communication technology network infrastructure.
- Configuration, procurement, implementation, management, and maintenance of municipal application servers, file servers, and print servers.
- Procurement of ICT equipment and software on behalf of all Directorates.
- Installation and repair of all IT equipment.
- Planning, design, and development of daily, weekly, and monthly back-end processing procedures including maintenance and systems backup of all servers.
- Maintaining and monitoring access to municipal IT facilities and enforcing adherence to Council policies related to IT.

The priorities of the Unit include but are not limited to IT Risk Management, ICT security management, safeguarding of IT assets, disaster recovery and continuity of operations as well as rendering support to Local Municipalities.

Improvements to the Information Technology Infrastructure

- The Municipality went out on Tender for the rental of new Copier machines for 3 years that include a service plan, the existing contract expired.
- The procurement of laptops was completed to replace old laptops of employees and councillors.

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- The appointment of a Cloud Data Backup service provider was done, to ensure the backup and safe keeping of data internally and externally in case of certain security risks such as ransomware attacks.
- The District Municipality is also in process of implementing the Human Resource, Leave, Payroll module on the new mSCOA financial system. After the successful completion, the Supply Chain Management and Document Management module will follow in the 2022/2023 financial year.

Policies and procedures that were implemented

No new ICT policies were approved however all existing policies were reviewed and were done during the 2021/2022 financial year.

Policies approved for 2021/2022	Date Approved
ICT User Account Management Policy	28 May 2021
ICT Backup Policy	
ICT Change Control Policy and Procedure	
ICT Helpdesk Policy	
ICT Infrastructure Capacity Planning Policy	
IT Governance Charter	
IT Risk Management Policy	
Prince 2 Project Management Policy	
IT Service Level Agreement Policy	
ICT Security Controls Management Policy	
ICT Disaster Recovery Policy	
IT Strategic Plan Policy	
IT Waste Management Policy	
IT Governance Framework	
Municipal Corporate Governance of ICT Governance Policy	
EFT Policy	
ICT Business Impact Risk Analysis	

ICT Units' Capacity

ICT Interns provided by the Vodacom training were appointed by Human Resources to assist the IT Department from 1 February 2022 – 31 May 2022. The ICT Interns period was extended from 1 July 2022 to 3 March 2023.

The District Municipality will try and make use of ICT interns regularly, to minimize the personnel costs and to assist with the transfer of skills to other people.

ICT Meetings and Reporting Structures

The ICT Steering Committee and the IT Advisory Committee meetings were held every quarter to address IT functions and to monitor progress made on the IT Audit Recovery. IT forms part of the IT Risk Management Committee and Audit Committee, where ICT reports on IT Risks and Audit issues

IT Support to B's

IT Security assessments were completed for the following B municipalities during the 2021/2022 financial year

- !Kheis Local Municipality,
- Kai !Garib Local Municipality,
- Kgatelopele Local Municipality

Quarterly IT Advisory meetings were held to assist, advise, support, and monitor IT Functions within B municipalities in the District.

Challenges Experienced

The IT Unit experienced the following challenges during the year under review:

- Funding is required to ensure constant improvements, maintenance and upgrades of systems, training, to add additional controls for Business Continuity and improve overall security,
- Additional staff is required to improve and support the ICT infrastructure of the District Municipality.

3.7 DISASTER MANAGEMENT

The Disaster Management Act, 57 of 2002 provides for an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, emergency preparedness, rapid and effective response to disasters, and post-disaster recovery and rehabilitation. The establishment of Municipal Disaster Management Centres; and a Framework under which the Municipal Disaster Management Centre operates and liaises with Municipalities and relevant stakeholders on disaster-related matters.

Section 42 of the Disaster Management Act places a responsibility on a District Municipality to establish and implement a Framework for Disaster Management in the District Municipality which is aimed at ensuring an integrated and uniform approach to disaster management in the District Municipality and its Local Municipalities. The Act further states in section 42 (2) that the District Municipality must establish a Disaster Management Framework after consultation with the Local Municipalities in its area and this Framework must be aligned to the national and provincial Disaster Management Frameworks.

The overall purpose of the District Disaster Management Plan

- To promote an integrated coordinated approach to Disaster Management through all spheres of government.
- To identify key role – players and their responsibilities
- To identify communities that are at risk
- To put effective risk reduction, preventative and mitigation strategies in place
- To develop, improve and maintain disaster preparedness and response capabilities
- To provide a foundation and the effective utilization of resources
- To promote training and education programmes that focus on the public, private sectors, volunteers and government
- To encourage community self-sufficiency

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Item	Progress on Process
Status of your Disaster Management Centre	Semi Established
Status of IGR Structures	Advisory Forum
Status of your Disaster Management Plans	District Disaster Management Plan in place
Status of readiness to deal with a disaster including financial capabilities	<ul style="list-style-type: none"> ▪ Draft plans are in place to deal with disasters ▪ Only one of the five Local Municipalities have resources to deal with disasters. The other Local Municipalities have no resources (Equipment and officials). ▪ We noted that all the Municipalities have not budgeted sufficient funds to deal with disaster-related issues
Monitoring of Prevention and Mitigation Initiatives	Establish a Fire Prevention Association Executive Committee on 10 October 2021 with the Farmers, Provincial Disaster Management Centre and the Northern Cape Department of Forestry, Fisheries and Environment (DFFE)
Status Disaster Risk Assessments undertaken	Disaster Risk Assessments in the District have already been done

Disasters and disaster-related incidents

1) Fires in Kgalagadi Transfrontier Park

The fire from Botswana was first detected on 28 August 2021. At that stage, the fire was approximately 70 km from the South African side of the Park burning slowly against a strong westerly wind.

On 7 September, the wind changed to East and it was now pushing the fire at a rapid pace, directly towards the Park. It crossed over into the South African side of the Park on the 9th of September at 03h30. The fire entered just north of the Lijersdraai picnic site. The fires that entered the Park were fought for three solid weeks and eventually put out. The fire on the Botswana side of the Park burnt continuously for the next three weeks, from Unions End to the Melkvlei picnic site.

Except for Kannagaus, Lijerdraai and at Kransbrak the fire was stopped by SANParks staff before crossing into South Africa. It was a front of 208.7km long and burnt an estimated 2 216 867ha in the Kgalagadi Transfrontier Park (Figure 1 and Figure 2). The South African side burnt an estimated 39 567 ha (Figure 3 and Figure 4). The fire was finally brought under control on the 28th of September. Satellite imagery later revealed that the fire started outside the Transfrontier Park on the 23rd of August.

These fires were successfully extinguished by the farming Community on the command of the Fire Protection Associations. The total extend of these fire on these farms are currently unknown. Upington Fire services were also activated to the fire. No damage to property or loss of lives were reported. The fire reached Polentswa in the north of the park and burned much of the tented lodge to the ground.

2) Flood and Storm Water Impact

On Friday 14 January 2022 the Kai !Garib Municipality experienced heavy rainfall more especially in the Kakamas region. This rainfall created flash floods that ran off without incidents but were problematic in some of the residential areas.

Kudu Street is in the lowest street downhill and water spilled through one of the house owner's backyard at D10, around her house, dammed up in her front yard and entered her house from the front. The front part of her house was then under water. The water was sucked up by the Municipality and the home owner was advised to increase her foundation height and fill up her front yard to prevent this situation in the future.

3) Flood 2021/2022 Impact

The Orange River that runs through Kai !Garib Municipality is in flood since 17 December last year. Water levels steadily rose with upstream dam releases and influx rainfall and are currently at approximately 7 meters at the Orange River 1 bridge and flowing at 1692 m³/s and levelling off.

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The flood walls are very old and 40% are cracked and under maintained. The water sighs through the wall at a part of George Island near some of the resident's houses.

Some islands are cut off due to bridges overflowing. The affected islands are Perde Island with 1 person beyond the bridge that takes care of the livestock. Meyers Island has 4(four) households, but only 1 person remained to take care of the livestock. He can however get across the river via an old hang bridge, which also needs attention. Sand Island has 14(fourteen) households and Langklaas Islands has 17(seventeen) households. These folk are crossing the bridges on foot, against warnings issued, to access the town.

Disaster Management Framework

The Disaster Management Framework was not reviewed for the period under review because amendments are awaited the National Disaster Management Centre.

Advisory Forum Meetings

Date of meeting	Status
22 July 2021	Meeting took place as scheduled
09 September 2021	Meeting took place as scheduled
29 November 2021	Meeting took place as scheduled
21 January 2022	Meeting took place as scheduled

3.8 ASSET MANAGEMENT

This matter is dealt with in greater detail in Chapter 5 of this document.

3.9 PROPERTY AND LEGAL

Name of entity/ subsidiary	Management's description of matter (including current status, the amount claimed, and Legal Counsel's reference if known)	Management's estimate of the financial exposure (including costs and disbursements)	Legal Counsel's remarks
SIY1-B/0020 APRIL JACOBS	Labour Matter Instruction to oppose an application for rescission	Contents of the previous report are repeated. The applicant is out of time to file the necessary papers. The applicant will now have to bring an application for condonation for the late filing of his papers. Should this continue the estimated costs will probably be around R100 000.00 plus VAT as indicated earlier. It is doubtful however if this application will proceed. The client can request to	File closed

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		close this file and once an application for condonation is brought then instruct us to deal with this matter again.	
ZFM1/0003 AON VERSEKERAARS	Insurance Civil Matter Claim amount: R700 000.00 if successful	Quotation, as rendered, paid R44 160.00 VAT included	The instruction was to close this file. File closed

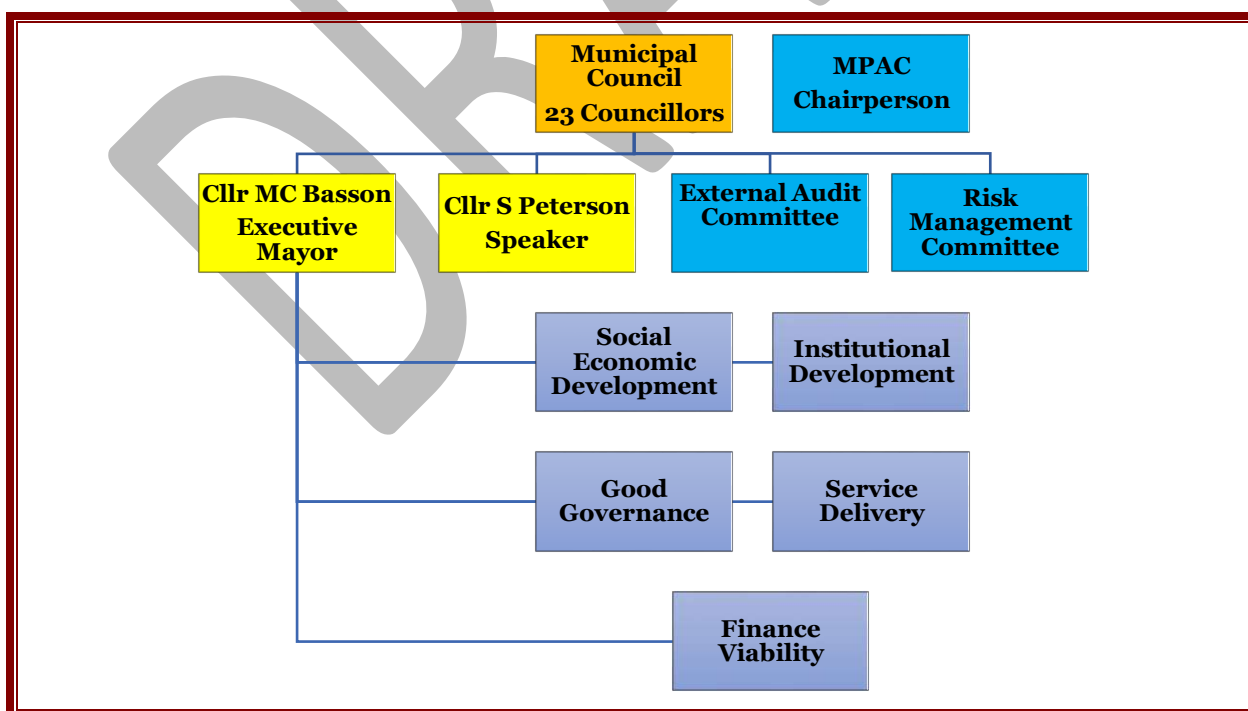
3.10 EXECUTIVE AND COUNCIL

The Minister of Cooperative Governance, Nkosazana Dlamini Zuma, announced that the local government elections will take place on 1 November 2021. Subsequent to the elections the ZF Mgcawu District Municipality held its inaugural Council meeting on the 14th of December 2021 in Upington.

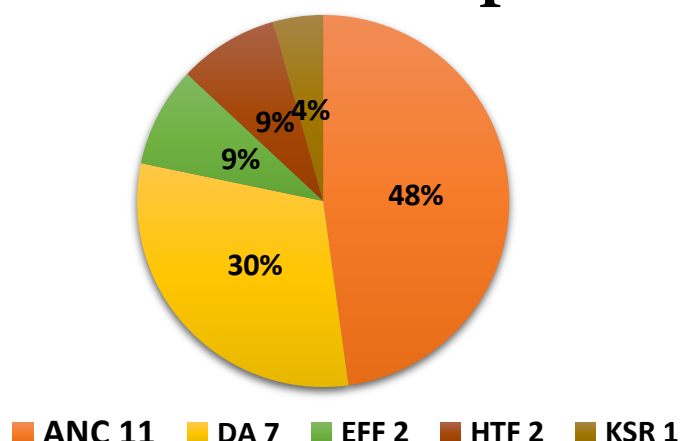
During this Council meeting, 23 Councillors took the oath of office and pledged to obey and respect the Constitution and the laws of South Africa and to perform their functions and duties as a Councillor of the ZF Mgcawu District Municipality to the best of their abilities.

The Council of the ZF Mgcawu District Municipality is comprised of 23 Councillors of which 10 are direct elected Councillors and 13 are seconded to the District Municipality from the Local Municipalities.

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



ZFM Council Composition



KPI	Unit of Measurement	Target	Actual
Annual Report and Oversight Report submitted to Council in March 2022	Reports submitted	31 March 2022	29 March 2022
The effective functioning of the Council measured in terms of the number of Council meetings	No of Council meetings per annum	4	5
The effective functioning of the Mayoral Committee	No of Mayoral Committee meetings	10	10
Adjustment budget approved by Council	Adjustment budget approved by Council	28 February 2022	25 February 2022
Draft Budget approved by Council	Draft Budget approved by Council	31 March 2022	29 March 2022
Main Budget approved by Council	Final Annual Budget approved	31 May 2022	30 May 2022
Effectiveness of the Audit Committee	No of Audit Committee meetings	4	5
Effectiveness of Portfolio Committees	No of meetings held	4	3
Effectiveness of MPAC	No of meetings held	4	4

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Council Meetings	Special Council Meetings	Portfolio Committee Meetings	MPAC Meetings
30 August 2021	26 August 2021	30 August 2021	30 August 2021
25 February 2022	14 December 2021	25 March 2022	26 January 2022
28 January 2022	23 June 2022	27 May 2022	25 March 2022
29 March 2022	30 June 2022		27 May 2022
30 May 2022			

MAYORAL COMMITTEE MEETINGS

Mayoral Committee Meetings 2021/2022	
Month	Date
July 2021	29 Julie 2021
August 2021	30 August 2021
September 2021	30 August 2021
October 2021	20 October 2021
November 2021	N/A
December 2021	N/A
January 2022	27 Jan 2022
February 2022	24 February 2022
March 2022	25 March 2022
April 2022	28 April 2022
May 2022	26 May 2022
June 2022	29 June 2022

CHAPTER 4

HUMAN RESOURCE SERVICES

COMPONENT A: HUMAN RESOURCE MANAGEMENT

The Human Resource division falls under the Directorate Corporate Services and it is split into two core arms namely:

- Human Resource Management Unit
- Human Resource Development and Training Unit

This section will deal specifically with the functions of the Human Resource Management Unit. Human Resource Management has the responsibility of ensuring the overall management of comprehensive Human Resource Management Policies and processes, compliance, and adherence to Human Resource Management legislation and practices, and the efficient management of Human Resource Systems and procedures of the ZF Mgcawu District Municipality. The operational responsibilities of the Human Resource Management Unit include but are not limited to:

Administration

This includes personnel records, statistics about personnel, and information processing of personnel.

Remuneration

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

Leave

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

Human Resource Provisioning and Recruitment

This includes human resource planning, recruitment, selection, placement, transfers, promotions, and dismissals. A lot of elements go into this function of recruitment, like developing job descriptions, advertising of vacant positions, sourcing of prospective candidates as well as the placement of new employees.

The Human Resource Management Unit is a very important function in the running of the institution. Human Resource Management ensures the effective recruitment and retention of employees. Human Resource Management can be described as the heart and soul of the District Municipality as its sole responsibility is to care for the organization's biggest resource being human capital.

COMPONENT B: HUMAN RESOURCE DEVELOPMENT AND TRAINING

Section 68 of the Municipal Systems Act, 32 of 2000 stipulates that a Municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way in compliance with the Skills Development Act, 81 of 1998.

The Municipal Systems Act places even further responsibility on a Municipality by legislating that a Municipality must make provision in its budget for the development and implementation of training programmes.

The ZF Mgcawu District Municipality has a full-fledged Human Resource Development and Training Unit in place that has the responsibility of enabling the Municipality to improve on its human capital's potential. The Human Resource Development and Training Unit must empower and develop its employees and councillors to improve service delivery in the District Municipality. The vision of this Unit is to create a world-class competent staff and to empower staff through skills development, capacity building, and personal empowerment.

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Human Resource Development Documents for 2021/2022

Documents	Date tabled and approved by Council/Submitted to other parties
Work Place Skills Plan 2021/2022	28 April 2022 and submitted to LGSETA on 28 April 2022
Annual Training Report 2021/2022 was tabled and approved by the council	28 June 2021
Annual Training Report 2021/2022 submitted to the LGSETA	15 July 2022

Section 152 of the Constitution sets out the objects of Local Government and these objects make it clear that the Local Government sphere of government is obligated to ensure that services are rendered to communities in a sustainable manner. The roles and objectives can however only be efficiently and effectively carried out if Human Resources in each Municipality are adequately equipped with the necessary skills, attitudes, and knowledge of officials to carry out their responsibilities.

Human Resource Development has only one goal and that is to produce better employees. The purpose of Human Resource Development is to provide the 'coaching' needed to strengthen and grow the knowledge, skills, and abilities that an employee already has by creating training platforms to make employees even better at what they do.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees 2021/2022					
Description	Year 2020/2021	Year 2021/2022			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
The Municipal Manager	1	1	1		0
Office of the Municipal Manager	1	1	0	1	25
Strategic Management	1	1	1		0
Office of the Executive Mayor	7	7	7		0
Performance Management (PMS)	2	2	1	1	25
IDP	2	2	2		0
Housing & Town Planning	3	4	4		0
Public Participation; Wards Committees & IGR	2	3	3		0
Local Economic Development	1	1	1		0
Tourism	1	1	1		0
Environmental Health	9	9	9		0
Internal Audit	5	5	5		0
Director: Planning & Development	1	1	1		0
Disaster Unit	10	10	8	2	0
Asst Director: LED & Tourism	1	1	1		0
Project Management Unit	5	5	5		0
Risk Management	2	2	2		0
Corporate Service Director	1	1	1		0
Administration	8	8	7	1	25
Communication	3	3	3		0
Asst Director: LR & OHS	1	1	1		0

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Cleaning	6	6	6		0
Security	8	8	8		0
IT	3	3	3		0
Human Resource Development & Training	2	2	2		0
Human Resource Management Unit	3	4	3	1	25
THE CFO	0	1	1		0
Office of the CFO	1	1	1		0
Office of the Speaker	0	3	3	0	0
AFS & Reporting	3	4	1	3	0
Budget and Reporting	3	3	0	3	0
Assets Management	3	3	0	3	25%
Expenditure Management	5	5	1	5	25%
Supply Chain Management	2	2	2	2	0
Totals	106	114	95	6	27.75%

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June 2020

T4.1.1

Vacancy Rate: Year 2021/2022			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	0	0	0
CFO	0	0	0
Other S57 Managers (excluding Finance Posts)	2	0	0
Other S57 Managers (Finance posts)	0	0	0
Senior management: Levels 1-3 (excluding Finance Posts)	13	1	1
Senior management: Levels 1-3 (Finance posts)	2	0	0
Highly skilled supervision: levels 4-5 (excluding Finance posts)	20	0	0
Highly skilled supervision: levels 4-5 (Finance posts)	3	0	0
Total	38	1	1

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

T4.1.2

Turn-over Rate			
	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	
Details	No.	No.	Turn-over Rate*
2021/2022	3	2	0.666
2020/2021	8	7	0.875

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

T4.1.3

4.2 POLICIES

Name of Policy	Date Adopted or Reviewed by Council
Policies adopted or reviewed by Council on 28 May 2021	
Study Aid Policy	
Bursary Policy	
Continuous Professional Development Policy	
Employment Equity Policy and Plan	
Human Resource Development Strategy	
Leadership Policy	
Training Policy	
Employee Wellness Policy	

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Policies adopted or reviewed by Council on 29 June 2020	
Human Resource Development Strategy	
Continuous Professional Development Policy	
Employee Study Assistance Policy	
Employment Equity Policy and Plan	
Training and Development Policy	
Employee Health and Wellness Policy & Plan	
Leave Policy	
Recruitment, Selection Promotion Demotion Policy, and Procedure	
Voortgesette Lede Beleid Perk Op Subsidie	
Policies adopted or reviewed by Council on 28 June 2019	
Employment Equity Plan	
Policies adopted or reviewed by Council on 31 May 2018	
Bursary	
Subsequent Event (Events after reporting date)	
Payment of Overtime	
Private Work and Declaration Of Interest	
Leave	
Employment Practice	
Human Resource Development Strategy	
Continuing Professional Development	
Human Resource Plan	
Learnership Policy	
Smoking	

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Recruitment, Selection, Placement, Probation, Promotion, Transfer and Demotion of Staff	
Employment Equity	
Incapacity: Due to poor work performance	
Relocation	
Task Job Evaluation	
Promotion	
Hiv/Aids	
Incapacity: Due to ill Health/Injury	
Employee Health and Wellness Policy & Plan	
Employment Equity Policy	
Training and Development Policy	
Employees under the Influence of Intoxicating Substances Policy	
Attendance and Punctuality Policy	
Sexual Harassment Policy	
Employee Study Assistance Policy	
Involvement of Councillors and Officials at Funerals of Officials	

4.3 INJURIES AND SICKNESS

Number and Cost of Injuries on Duty

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

T4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)

Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R'ooo
Lower skilled (Levels 13-16)	0	0	0	0	0	
Skilled (Levels 10-12)	400	10.810%	23	36	3	
Highly skilled production (levels 7-9)	236	6.555%	25	36	7	
Highly skilled supervision (levels 4-6)	138	6%	17	23	6	
Senior management (Levels 0-3)	107	8.916%	11	12	6	
MM and S57	4	9.25%	2	4	1	
Total	602	121	72	115	24	

* - Number of employees in post at the beginning of the year

*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T4.3.2

4.4 EMPLOYEE SALARY INCREASES

Number of Employees whose salaries were increased due to their positions being upgraded

Beneficiaries	Gender	Total
Lower skilled (Levels 12-10)	Female	0
	Male	0
Skilled (Levels 9-7)	Female	1
	Male	0
Highly skilled production (Levels 6-5)	Female	0
	Male	0
Highly skilled supervision (Levels 4)	Female	0
	Male	0
Senior Management (Levels 3-1)	Female	1
	Male	0
Municipal Manager and Section 57	Female	0
	Male	0
Total		2
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		T4.6.2

4.5 LR, OHS, CLEANING AND SECURITY SERVICES

The unit consist of Labour Relations, Security Service, Cleaning Service and Occupational Safety

It exists to render a comprehensive, integrated service to enhance a support service and sound labour relations in ZF Mgcawu DM.

Functions of Labour Relations:

- Co-ordinates and control the application of industrial relations and specific procedures.
- Attending to and guiding disciplinary and grievance processes
- Reporting to specific Committees on the function
- Capacitating employees on the application and interpretation of policies and agreements
- Attending to administrative requirements, circulation of reports, and notifications.
- Matters related to the union organizations and employee representations
- Procedure Consultation together with Contract/Agreement/Policy and administration
- Grievance Administration, Collective Bargaining, Mediation, Investigation, and Arbitration
- Labour and Management Meetings and Relations
- Labour and Management informal conflict resolution
- Information requests of union
- Management and administrator training, etc.

Functions of Security Services:

- Protecting organizations/people against threats/danger.
- Reduce liabilities, insurance, compensation and other social security expenses to be paid by the Municipality.

Functions of Cleaning Services:

- Prevent the spread of infectious diseases and control allergens, such as dust and mould, helping us to stay healthy

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- Reduced Spread of Disease
- Increased Employee Productivity

Functions of Occupational Health and Safety:

- Develop a safe work environment
- Promote good health in the workplace
- Reducing severities and injuries in the workplace
- Reduced risk or accidents or injuries by identifying and mitigating hazards
- Improved efficiency and productivity due to fewer employees missing work from illness or injury
- Improved employee relations and morale (a safer work environment is a less stressful work environment)
- Reduced costs associated with accidents or injuries (healthcare and rehabilitative costs, losses in productivity, impact on employees' well-being)
- Lower insurance premiums resulting from fewer workplace incidents and workers' compensation claims

Functions of Covid-19 Compliance Officer:

- Oversee the implementation of the Covid -19 protocols
- Oversee adherence of health and safety measures
- Address employee's concerns
- Report all covid -19 related matters.
- Ensure compliance with Covid -19 regulations.

Labour Relations Report

NO	NAME	APPLICANT	NATURE	OUTCOME	DATE	ADVICE
1	April Jacobus	Private	Unfair Dismissal	Application to Labour Court	2013	File closed Refer to 3.9 Property And Legal
2	Gerhardus Damarah	SAMWU	Unfair Labour Practice	Disputed is resolved	2021/2022	Employer to give back for one year

Disciplinary actions taken on cases of Financial Misconduct

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

4.6 SKILLS DEVELOPMENT AND TRAINING

New Reporting Template- Gazette 41996 of 26 October 2018

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

The Gazette only warrants that the District Municipality report on the following positions:

1. CEO (entity)
2. CFO (municipality)
3. CFO (entity)
4. Senior Managers (MSA Section 56)
5. Middle Manager (of finance only)

The Municipal Finance Management Act, 56 of 2003 stipulates that a Municipality that appoints a Municipal Manager must subject themselves to the provisions of the Act; in that no Acting or appointed Municipal Manager can be appointed without at least a Bachelor's Degree or a relevant qualification registered on the National Qualification Framework at NQF level 7 with a minimum of 360 credit plus Leading Competencies prescribed in the Annexure -A- Local Government: Competency Framework for Senior Managers as published under Government notice No. 21 in Government Gazette No. 37245 of 17 January 2014.

According to Gazette 41996, the Annexure -C- reporting period is only for 30 January and 30 July of each year.

GAZETTE 29967 OF 15 JUNE 2007-MFMA COMPETENCY REGULATIONS (JUNE 2007)

CPMD TRAINING 2021/2022: Financial Competency Development: Progress Report*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	2	0	2	0	2	1
<i>Any other financial officials</i>	2	0	2	0	0	2
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	1	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	
TOTAL	7	0	7	1	4	6

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

T4.5.2

NEW REPORTING TEMPLATE- GAZETTE 41996 OF 26 OCTOBER 2018

Surname	Name	ID Number (type in all 13 digits, with no spaces)	Position (select from scroll button)	Date of Employment (before or on/after Gazette 41996)	1. Higher Education Qualification (New NQF Levels)	2. All Relevant Work Related Experience (select from scroll button)	3. Performance Agreements and FM & SCM levels (select from scroll button)	4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F)	Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc.	Remaining Unit Standards (Do not complete as this column is automated with column J and K)
Lategan	Gilbert	5808035112086	Accounting Officer	before 3 Feb 2017	NQF Level 6 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels not completed	15 Unit Standards needed	18	
Kitching	Albert	8411245070082	Middle Manager: Finance	before 3 Feb 2017	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreement not required, FM & SCM levels completed	15 Unit Standards needed	15	
Van Zyl	Jacobus	6104275004087	Senior Manager (MSA S56)	before 3 Feb 2017	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	15 Unit Standards needed	16	
Britz	Eloise	8403070127087	CFO Manager (MSA S56) Finance	before 3 Feb 2017	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreement required, FM & SCM levels completed	15 Unit Standards needed	20	
Phete	Anzonia	8602210215088	SCM Manager	before 3 Feb 2017	Lower than NQF Level 6	7 years and more	Performance Agreement not required, FM & SCM levels completed	15 Unit Standards needed	17	
Visagie	Julandy	8001070163084	Middle Manager: Finance	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreement not required, FM & SCM levels completed	15 Unit Standards needed	15	
Isak	De Waal	7908155102087	Senior Manager (MSA S56)	After 26 Oct 2018	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels not completed	15 Unit Standards needed	10	

4.6.1 COMMENT ON SKILLS DEVELOPMENT

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

The Work Skills Plan is a template that the LGSETA provides where reporting and planning take place and is submitted annually.

The ZF Mgcawu District Municipality has a Training and Skills Development Committee in place with a designated Skills Development Facilitator.

Item	Status
Levy paid to LGSETA	Yes
Number of employees trained	59 (28 at Kheis Municipality +31 ZFM employees)
Number of unemployed trained with LGSETA funds	8 (1 X learnerships programs)
Number of Councillors trained by SALGA	7
Total cost of the training	R 490 330.79
Total Interns appointed	3x Financial Interns
Total Work Integrated Learners	LGSETA= 13 Learners BANKSETA= 6 Learners ETPDSETA= 3 Learners
Costs related to training and source of funding	LGSETA
Number of skills programs implemented and details-even those from other stakeholders other than the LGSETA	Skills programs by LGSETA= 1
	Other stakeholders 1. HPCSA (Online Training) 2. eCPD healthcare (Online Training)

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	<ol style="list-style-type: none"> 3. Associations of infrastructure Certified Public Accountants (Online Training) 4. National Treasury 5. Leadership Academy 6. CIGFARO 7. IIASA 8. The Institute of Internal Auditors 9. MFMP Forms 10. SCM training 11. Peace officer training 12. Housing training 13. CPD risk management training 14. Budget & BTO training
LG Seta discretionary grant - provide details of how it was used in the municipality	The grant was used for various interventions, with skills program, learnerships, and bursaries
	<p>1 X Skill program: for 140 learners: comprise of employees at Kheis municipality, Dawid Kruiper municipality and ZF Mgcawu district municipality.</p> <p>1 X Learnership: comprises of 8 Unemployed learners and 2 employed learners</p>

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

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

CHAPTER 5

FINANCIAL INFORMATION

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENT OF FINANCIAL PERFORMANCE

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual 2022 R	2021 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	17	82 846 906	80 137 977
Impairment Gains	24	-	-
Revenue from Exchange Transactions			
Rental from Fixed Assets	18	8 730	2 078
Finance Income	19	699 566	562 869
Operational Revenue	20	828 390	542 225
Gains on Disposal of Capital Assets	31	4 615	-
Total Revenue		84 388 207	81 245 149
EXPENDITURE			
Employee Related Costs	21	57 330 754	60 245 587
Remuneration of Councillors	22	4 620 087	3 974 721
Depreciation and Amortisation	23	1 042 953	794 433
Impairment Losses	24	53 246	13 137
Finance Costs	25	510 538	47 969
Contracted Services	26	6 588 484	5 650 804
Inventory Consumed	27	633 818	458 807
Transfers and Subsidies Paid	28	304 250	594 159
Operating Leases	29	626 900	926 678
Operational Costs	30	10 288 127	8 066 899
Loss on Disposal of Capital Assets	31	-	156 305
Total Expenditure		81 999 157	80 929 499
SURPLUS / (DEFICIT) FOR THE YEAR		2 389 050	315 650

5.2 STATEMENT OF FINANCIAL POSITION

ZF MGCAWU DISTRICT MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Note	2022 R	Actual 2021 Restated R
ASSETS			
Current Assets		2 895 630	3 654 966
Receivables from Exchange Transactions	2	197 928	296 503
Receivables from Non-exchange Transactions	3	-	121 515
VAT Receivable	4	553 579	949 343
Cash and Cash Equivalents	5	2 126 406	2 281 203
Current Portion of Long-term Receivables	6	17 718	6 402
Non-Current Assets		22 156 062	20 581 296
Property, Plant and Equipment	7	21 423 074	20 358 109
Intangible Assets	8	112 354	208 890
Non-current Investments	9	512 048	-
Long-term Receivables	10	108 585	14 297
Total Assets		25 051 692	24 236 262
LIABILITIES			
Current Liabilities		11 528 252	13 127 184
Provisions	11	2 887 376	3 473 207
Payables from Exchange Transactions	12	8 143 990	9 037 402
Unspent Conditional Grants and Receipts	13	-	533 983
Current Portion of Long-term Liabilities	14	496 885	82 592
Non-Current Liabilities		32 844 350	32 819 039
Long-term Liabilities	14	803 350	33 039
Employee Benefit Liabilities	15	32 041 000	32 786 000
Total Liabilities		44 372 602	45 946 223
Total Assets and Liabilities		(19 320 910)	(21 709 961)
NET ASSETS		(19 320 910)	(21 709 961)
Accumulated Surplus / (Deficit)	16	(19 320 910)	(21 709 961)
Total Net Assets		(19 320 910)	(21 709 961)

5.3 CASH FLOW STATEMENT

**ZF MGCAWU DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 R	Actual 2021 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies		82 312 923	80 388 427
Rental from Fixed Assets	18	8 730	2 078
Finance Income	19	699 566	562 869
Other Receipts		1 379 683	44 319
Payments			
Employee Related Costs		(58 689 754)	(57 366 587)
Remuneration of Councillors	22	(4 620 087)	(3 974 721)
Finance Costs Paid	25	(510 538)	(47 969)
Suppliers Paid		(8 742 613)	(8 513 176)
Other Payments		(10 597 247)	(8 625 668)
NET CASH FLOWS FROM OPERATING ACTIVITIES		1 240 663	2 469 571
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(2 122 678)	(840 613)
Purchase of Intangible Assets	8	(41 609)	(80 348)
Proceeds on Disposal of Property, Plant and Equipment	7.8	157 519	-
Decrease / (Increase) in Non-current Investments	9	(512 048)	-
Decrease / (Increase) in Long-term Receivables		(94 288)	4 335
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2 613 104)	(916 626)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		1 610 000	-
Repayment of Borrowings		(392 357)	(293 310)
NET CASH FLOWS FROM FINANCING ACTIVITIES		1 217 643	(293 310)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(154 798)	1 259 636
Cash and Cash Equivalents at Beginning of Period		2 281 203	1 021 568
Cash and Cash Equivalents at End of Period	5	2 126 406	2 281 203

5.4 GRANTS

TRANSFERS AND SUBSIDIES RECEIVED

	2022 R	2021 R
Capital Grants and subsidies	-	-
Allocations Gazetted	-	-
Operational Grants and subsidies	82 846 906	80 137 977
Allocations Not Gazetted	1 618 906	555 977
Allocations Gazetted	81 228 000	79 582 000
Total Government Grants and Subsidies	82 846 906	80 137 977
17.1 Operational Grants		
National Revenue Fund:	74 698 000	74 092 000
Equitable Share Grant	74 698 000	74 092 000
National Governments:		
Allocations Gazetted:	6 280 000	4 890 000
Expanded Public Works Programme Integrated Grant	2 150 000	1 000 000
Local Government Financial Management Grant	1 200 000	1 000 000
Road Asset Management Systems Grant	2 930 000	2 890 000
Allocations Not Gazetted:	1 084 923	306 427
National Treasury Subsidy for External Audit Fees	1 084 923	306 427
Provincial Government:		
Allocations Gazetted:	250 000	600 000
Housing Grant	250 000	600 000
Allocations Not Gazetted:	533 983	249 550
HIV and AIDS Grant (Provincial Health Department)	533 983	249 550
	82 846 906	80 137 977
17.2 Capital Grants and subsidies		
Provincial Government:		
Allocations Gazetted:	-	-
Other	-	-
Total Operational Grants Received	82 846 906	80 137 977

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	2022 R	2021 R
17.3 Reconciliation per Grant Source		
17.3.1 National Governments: Financial Management Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 000 000
Conditions met for 2017/18 - transferred	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 200 000)	(1 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the District Municipality.

ZFM budgeted for mSCOA Implementation under the 2017/18 FMG Activity Plan but implementation started in June 2017 to comply with the implementation date of mSCOA on 1 July 2017. In the 2016/17 Special Adjustment Budget the 2016/17 FMG budget amount was increased by R450 000 to prevent unauthorised expenditures and decreased the Original Budget for 2017/18 financial year. Therefore the FMG was overspent in 2016/17 financial year and funding for the R450 000 will be received during the 2017/18 financial year.

17.3.2 National Governments: Rural Road Asset Management Systems Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	2 930 000	2 890 000
Conditions not met: Operating Expenses (Withheld by National Treasury)	-	-
Conditions met - transferred to Revenue: Operating Expenses	(2 443 952)	(2 799 656)
Conditions met - transferred to Revenue: Capital Expenses	(486 048)	(90 344)
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

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

17.3.3 National Governments: EPWP Incentive Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	2 150 000	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	(2 150 000)	(1 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

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

17.3.4 Provincial Government: Housing Accreditation DPLG National Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	250 000	600 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(600 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

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

5.5 ASSET MANAGEMENT

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

Asset Management in ZF Mgcawu District Municipality is governed by an Asset Management Policy adopted in 2010 and is reviewed annually. The latest review of the Asset Management Policy for the 2021/2022 took place on 28 May 2021.

The Policy serves to ensure:

- The consistent application of Asset Management Principles.
- Implementation of accrual accounting.
- Compliance with the Municipal Finance Management Act and other related legislation.
- Correctly accounting for assets under the GRAP Accounting Framework.
- Safeguarding and controlling the assets of the District Municipality.
- Optimizing asset usage.

The Asset Management Unit is one of the divisions of the Financial Services Directorate and the Unit reports to the Chief Financial Officer. The Unit consists of the following personnel:

1x Unit Manager AFS & Assets

1x Assistant Accountant Assets

1x Senior Clerk Assets and Insurance

1x Fleet Officer

The Asset Management Policy deals with the following key elements:

- Asset recognition
- Recognition of assets initial measurement
- Subsequent measurement of assets
- The recognition of inventory items (non-capital items)
- Asset types

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- Asset acquisition, asset maintenance, asset disposal, asset physical control, and asset financial control

An Asset Management Committee consisting of Directors and Senior Managers has been appointed to facilitate and assist the Municipal Manager as the Accounting Officer of the District Municipality in his functions relating to Asset Management as set out in section 63 of the MFMA.

The Municipal Manager has delegated the custody and the responsibility for assets to the various Directors as defined in the organizational structure of the ZF Mgcawu District Municipality. The Asset Management Committee was functional during the 2021/2022 financial year.

The composition of the Asset Management Committee is as follows:

- Director: Financial Services (Chairperson)
- Director: Corporate Services
- Deputy CFO
- Unit Manager Assets (Position removed)
- Unit Manager AFS & Assets (Vacant)
- Unit Manager Administration
- Assistant Accountant Assets

Acquisitions

Asset additions made during the year amounts to R 2 164 287 which has been reconciled to the general ledger as at 30 June 2022 as required by section 63 of the Municipal Finance Management Act.

5.6 PUBLIC-PRIVATE PARTNERSHIPS

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

COMPONENT B: OTHER FINANCIAL MATTERS

5.7 SUPPLY CHAIN MANAGEMENT

This matter is dealt with in greater detail on under Chapter 2 of this document.

5.8 GRAP COMPLIANCE

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

The ZF Mgcawu District Municipality received its 8th Clean Audit for the 2020/2021 financial year.

5.9 BBEE COMPLIANCE PERFORMANCE INFORMATION

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

		Senior Management	Middle Management	Junior Management
5.9.1 Ownership and Management Control				
% or Number for each Category				
Race classification				
- African		0	0	
- Coloured		3	0	
- White		1	0	
Gender				
- Male		3	0	
- Female		1	0	
Age				
- Youth (between the ages of 18 - 35)		0	0	
- Middle aged (between the ages of 36 - 50)		2	0	
- Senior (older than 50)		2	0	
Disability				
- Male		0	0	
- Female		0	0	
		Target Score	Bonus Points	Actual Score
Contribution to Scorecard				
				-

5.9.2 Skills development					
All skills development was conducted in the Northern Cape.					
	Black Employees	Black Non-employees	Black People in Internship, Learnerships	Unemployed Black People	Black People Absorbed
Number for each Category					
Race classification					
- African	89		14	2	
- Coloured	84		8	6	
- White					
Gender					
- Male	79			2	
- Female	94			6	
Age					
- Youth (between the ages of 18 - 35)			22	8	
- Middle aged (between the ages of 36 - 50)					
- Senior (older than 50)					
Disability					
- Male					
- Female					
Total amount spent					
			Target Score	Bonus Points	Actual Score
Contribution to Scorecard					
					-

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5.9.3 Enterprise and Supplier Development					
			EME's	QSE's	Large
Enterprise Development					
Number of Beneficiaries					
% Black ownership					
% Black Women ownership					
Value of Expenditure					
Value of 2% of NPAT or 0.2% of Allocated budget					
Supplier Development					
Number of Beneficiaries					
% Black ownership					
% Black Women ownership					
Value of Expenditure					
Value of 1% of NPAT or 0.1% of Allocated budget					
Total: Enterprise and Supplier Development					
Number of Beneficiaries					
% Black ownership					
% Black Women ownership					
Value of Expenditure					
			Target Score	Bonus Points	Actual Score
Contribution to Scorecard					

5.9.4 Socia-Economic Development						
			Race classification			
			African	Coloured	Indian	Total
Number of all participants						
Gender						
- Male						
- Female						
Location (number of participants per province)						
- Gauteng						
- Mpumalanga						
- Freestate						
- Limpopo						
- Western Cape						
- Eastern Cape						
- Northern Cape						
- Kwazulu-Natal						
- North West						
Value of expenditure						
Value of 1% of NPAT or 0.1% of Allocated budget						
			Target Score	Bonus Points	Actual Score	
Contribution to Scorecard						

CHAPTER 6

AUDITOR GENERAL REPORTS

6.1 AG REPORT 2020/2021

The audit outcomes for the ZFM District Municipality for the last 4 financial years are as follows:

Year	2017/2018	2018/2019	2019/2020	2020/2021
Status	Clean Audit Unqualified Audit Opinion	Unqualified with one matter	Clean Audit Unqualified Audit Opinion	Clean Audit Unqualified Audit Opinion

The Auditor General's Report for the 2020/2021 financial year was released in November 2021 and can be found in Chapter 6 of this report. The ZF Mgcawu District Municipality received an Unqualified Audit Opinion for the 2020/2021 financial year. Attached hereto is the 2020/2021 Auditor General's Report as received from the Auditor General in November 2021. The 2021/2022 Auditor General's Report will be attached to this report as soon as it becomes available.

6.1.1
AUDITOR
GENERAL'S
REPORT
2020/2021

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the ZF Mgcawu District Municipality set out on pages 228 to 358, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu District Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No.4 of 2020) (Dora).

Basis for opinion

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

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.

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

Emphasis of matters

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

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Restatement of corresponding figures

As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Irregular expenditure

As disclosed in note 35.3 to the financial statements, the municipality incurred irregular expenditure of R3 040 507 (2019-20: R4 130 152), as it did not follow proper procurement processes.

Other matter

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

Unaudited disclosure notes (MFMA 125)

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

Unaudited supplementary schedules (ISA 700.53)

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

Responsibilities of the accounting officer for the financial statements

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

In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

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an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the municipality's annual performance report for the year ended 30 June 2021:

Objectives	Pages in the annual performance report
Objective 2 – To assess and provide targeted support improving institutional capacity and service delivery capabilities of category B municipalities	x – x

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether

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the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not identify material findings on the usefulness and reliability of the reported performance information for the following objective:

- Objective 2 – To assess and provide targeted support improving institutional capacity and service delivery capabilities of category B municipalities

Report on the audit of compliance with legislation

Introduction and scope

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

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

Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

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

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

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

Internal control deficiencies

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

Auditor General
Kimberley

30 November 2021



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Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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6.2 COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

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

Signed by: 

Chief Financial officer

Dated: 31 August 2022

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APPENDICES

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APPENDIX-A

COMMITTEE ALLOCATION

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MAYORAL COMMITTEE

- Cllr. M.C. Basson (ANC) (Executive Mayor)
- Cllr. A. Johnson (ANC) (Chairperson: Institutional/LLF)
- Cllr. A. Matshimo (ANC) (Chairperson: Social/ Economic)
- Cllr. Silo (ANC) (Chairperson: Good Governance)
- Cllr. P. M. Mgcera (ANC) (Chairperson: Service Delivery)

FINANCE VIABILITY

- Cllr. M.C. Basson (ANC)(Chairperson) (Executive Mayor)
- Cllr. P.T. van der Steen (DA)
- Cllr. F. Basson (ANC)
- Cllr. P.H. Matthys (HOPE)
- Cllr. S. Abels (ANC)

MPAC [MUNICIPAL PUBLIC ACCOUNTS COMMITTEE]

- Cllr. M.C. Basson (ANC) (Chairperson)- Council to endorse new MPAC Chairperson in August 2022
- Cllr. J. Balies (EFF)
- Cllr. F.L. Witbooi (DA)
- Cllr. D.R. Pienaar (ANC)
- Cllr. P.J. George (ANC)
- Cllr. K.G. Keorometswe (ANC)

INSTITUTIONAL DEVELOPMENT

- Cllr. A. Johnson (ANC)(Chairperson) (Mayoral Committee Member)
- Cllr. A.J. Ruiters (DA)
- Cllr. P.J. George (ANC)
- Cllr. F. Basson (ANC)
- Cllr. A.C. Kotzee (HOPE)
- **Mayor & Speaker (ex-officio)**

SOCIAL ECONOMIC DEVELOPMENT

- Cllr. A. Matshimo (ANC)(Chairperson) (Mayoral Committee Member)
- Cllr. D.H. de Koker (DA)
- Cllr. S. Sandlana (DA)
- Cllr. F.L Witbooi (DA)
- Cllr. M.C. Basson (ANC)
- **Mayor & Speaker (ex-officio)**

SERVICE DELIVERY

- Cllr. P.M. Mgcera (ANC)(Chairperson)(Mayoral Committee Member)
- Cllr. C.F.P. Bezuidenhout (DA)
- Cllr. M.H.B. van Zyl (DA)
- Cllr. J. Esau (EFF)
- Cllr. K.G Keorometswe (ANC)
- **Mayor & Speaker (ex-officio)**

GOOD GOVERNANCE

- Cllr. J. Silo (ANC)(Chairperson)(Mayoral Committee Member)
- Cllr. D.H. de Koker (DA)
- Cllr. D.R. Pienaar (ANC)
- Cllr. J. Balies
- Cllr. S. Abel (ANC)
- **Mayor & Speaker (ex-officio)**

APPENDIX-B
COMMITTEES
AND
COMMITTEE
PURPOSES

COMMITTEES OTHER THAN MAYORAL AND THEIR PURPOSES

Institutional Development	This committee deals with institutional matters including administration and human resources
Service Delivery	This committee deals with service delivery issues also focusing on local municipalities
Social and Local Economic Development	Local Economic Development (LED) forms an important part of economic growth in the region and this committee deals with all LED programs in the District.
Good Governance and Public Participation	Matters relating to communication, ward committees, and public participation
Municipal Finance Viability	Finance related information (compliance reports and budgets)
Municipal Public Accounts Committee (MPAC)	Performs an oversight function dealing with matters such as evaluating the annual report, Fraud and Anti-Corruption, internal audit, risk management, and other finance-related matters.

APPENDIX-C
THIRD-TIER
STRUCTURE

Senior Management as at 30 June 2022		
NAME	CAPACITY	PERIOD
Mr J.G. Lategan	Municipal Manager	1 July 2021-30 June 2022
Mr D.J. Van Zyl	Director: Corporate Services	1 July 2021-30 June 2022
Vacant	Chief Financial Officer	1 July 2021-31 August 2021
Mrs. E. Isaacs	Chief Financial Officer	1 September 2021- 30 June 2021
Mr I. De Waal	Director: Planning & Development	1 July 2021-30 June 2022

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APPENDIX-D

MUNICIPAL FUNCTIONS

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

APPENDIX-E
AUDIT
COMMITTEE
RECOMMENDATIONS



**FEEDBACK FROM
INTERNAL AUDIT**

SUMMARY OF RESOLUTIONS AND RECOMMENDATIONS OF THE AUDIT COMMITTEE

RESOLUTION & RECOMMENDATION LAUNCHED		RESOLUTIONS & RECOMMENDATION IMPLEMENT		RESOLUTION & RECOMMENDATION OUTSTANDING	
QUARTER	NUMBER	QUARTER	NUMBER	QUARTER	NUMBER
Quarter 1-AFS	9	Quarter 1-AFS	9	Quarter 1-AFS	0
Quarter 1	9	Quarter 1	7	Quarter 1	2
Quarter 2	5	Quarter 2	5	Quarter 2	0
Quarter 3	4	Quarter 3	2	Quarter 3	2
Quarter 4	4	Quarter 4	0	Quarter 4	4
LAUNCHED	31	IMPLEMENTED	32	OUTSTANDING	8

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Detail summary of decisions taken by the Audit Committee during the 2020/2021 Financial Year			
Date of Meeting	Resolutions	Implemented	Not Implemented
23 August 2021 Meeting	<ol style="list-style-type: none"> 1. The liaison with the respective line managers responsible for some of the outstanding evidence for the Annual Performance in order to include these evidence prior to the submission of the Annual Performance Report to the Office of the Auditor General on 31 August 2021. 2. The amendment of the draft Annual Financial Statements to incorporate the review notes of both the Audit Committee and the Internal Audit also that such proof be submitted to the Audit Committee members prior to submission to the Office of the Auditor General on 31 August 2021. 3. The amendment of the draft Annual Performance Report to incorporate the review notes of both the Audit Committee and the Internal Audit also that such proof be submitted to the Audit Committee members prior to submission to the Office of the Auditor General on 31 August 2021. 4. The amendment of the draft Annual Report to incorporate the review notes of both the Audit Committee and the Internal Audit also that such proof be submitted to the Audit Committee members prior to submission to the Office of the Auditor General on 31 August 2021. 5. That feedback be obtain on the legal action in the legal Report of the draft Annual Financial Statements that refer to J.Van Wyk. 6. That a copy of the Council Resolution be obtain for the written off that refer to Councillors debts and distributed to all the members of the Audit Committee. 7. That the Collective Agreement on the Medical Aid for ex-employees of the Municipality be part of the agenda points of the Audi Committee meeting. 8. That a list of all persons who owed the Municipality money be obtained and distributed to the all members of the Audit Committee. 9. Liaison with the respective line managers responsible for some of the content of the Annual Report which need to be amended for inclusion prior to the submission of the Annual Report to the Office of the Auditor General on 31 August 2021. 	1,2,3,4,5, 6 ,8 and 9	None

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<p>04 October 2021 Meeting</p>	<ol style="list-style-type: none"> 1. That the Management compiled a one-page document which communicate the challenges experienced with the new web based program of Treasury and send a copy to National Treasury to communicate these challenges. 2. That the Internal Audit Report on the handling of the public auction of redundant assets be discussed with Senior Management and feedback be given at the next Audit committee meeting. 3. The repayment period of the amount of R 13 551,06 that was wrongly double paid to an ex contract worker be reviewed to be less than the arranged 36 months in order to recover the amount within the current financial year. 4. That Management must review the current delegation of authorization for electronic payments and ensure the amounts of the Delegation of Authority been amended based on the level of authority. 5. That Management must give feedback at the next Audit Committee Meeting if there is a Policy in place that makes provision for Interest paid on the outstanding debts. 6. That Management ensure that all officials who received laptops officially signed an agreement for the responsibility of the laptop and that such an agreement be filed in the personal file at Human Resource Management for future references. 7. That management ensure that weekly reconciliation of bank statements take place to verify whether unauthorised deduction or debit orders were deducted from the Municipalities bank account. 8. That a meeting is scheduled between the Municipal Manager of ZF Mgcawu District and the Municipal Manager of Kai! Garib Municipality whereby the Audit Committee conduct an arbitration role to resolved the aspect of Support to Kai! Garib Municipality. 9. That the Director Planning and Development compile a report on the following and submit it at the next audit committee meeting: <ol style="list-style-type: none"> 9.1 The plans for Tourism 9.2 List of programs for Local Economic Development 9.3 The project action management Plan for Project Management 9.4 The copy of the Disaster Management Plan. 	<p>1,2,3,4,5, 6 ,8 and 9</p>	<p>None</p>
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<p>06 December 2021 Meeting</p>	<ol style="list-style-type: none"> 1. "That Management must develop a Policy which explained how interest will be charged for outstanding debt that have exist due to the consequences of possible negligence. 2. That the filling of the vacancies on the Adhoc Disciplinary board be filled and that feedback on the functionality of the board be reported at the next audit committee meeting. 3. That Management must compile a detail report for Tourism on the statistics of the tourist that have visited the region as well as the efforts made to attract more tourists within the region. 4. That Management must compile a detail report of the statistics of Local Economic Development on the number of small business that the District Municipality has assisted as well as the approach used to assist the small businesses within the region. 5. That the Human Resource Development Unit be given the responsibility to attend to the upskill of the Internal Audit staff to obtain a formal qualification for Information Technology auditing and that feedback be given at the next Audit Committee meeting. 	<p>1,2,3,4 and 5</p>	<p>None</p>
<p>04 April 2022</p>	<ol style="list-style-type: none"> 1. That feedback on the outcome of the engagement of Risk Management with the respective units be reported at the next audit committee to clearly reflect on the following: <ul style="list-style-type: none"> - The top 10 Risk of the ZF Mgcawu District Municipality. - The top 10 risk of each Directorate within the ZF Mgcawu District Municipality. - Update on the Support to B-Municipality water issues , Disaster Management issues and ICT issues. - Co-ordination of the communication between the District Municipality and B-Municipalities on Environmental Health issues. 2. That feedback on the dispute of the job description of the Deputy Director Strategic Operations be provided at the next meeting. 3. That feedback on the stolen laptop of the official in the Office of the Mayor be given at the next meeting. 	<p>1 and 4</p>	<p>2 and 3</p>

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	4. That a leave report be presented at the next meeting of a reconciliation conducted between the attendance registers and the Excel leave templet.		
20 June 2022 Meeting	<ol style="list-style-type: none"> 1. That the Chief Financial Officer must ensure the classification of the upgrades Information Technology were correctly stated within the compiled Annual Financial Statements of 2021/2022. 2. That the Chief Financial Officer submit the draft set of Annual Financial Statements of 2021/2022 with supporting documentation to the Audit Committee members and the Internal Audit Unit on 15 August 2022 for review. 3. That the Unit Manager PMS & Support submit the draft Annual Performance Report of 2021/2022 with supporting documentation to the Audit Committee members and the Internal Audit Unit on 15 August 2022 for review. 4. That the Unit Manager Communications submit the Annual Report of 2021/2022 with supporting documentation to the Audit Committee members and the Internal Audit Unit on 15 August 2022 for review." 	1,2,3 and 4	None

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APPENDIX-F
FINANCIAL
DISCLOSURES
(RELATED
PARTIES)

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RELATED PARTY TRANSACTIONS

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

41.1 Interest of Related Parties

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

Name of Related Person	Designation	Description of Related Party Relationship
T Van Der Steen	Councillor	Director at Loodgieter Van Der Steen Member at Van Der Steen Pomp en Pyp Member at Jesu Nkosi Monuments
J Esau	Councillor	Director at Green Bird Construction and General Director at Jacks enterprise services Director at On Spot Construction and General
S Esau	Councillor	Director at Setonha Khaya Enterprise
M Daniels	Councillor	Director at Danma Future Construction business solutions Director at Jaylinne General Trading Member at Tirisanang Mining and Resources Member at Zelke 66
E Phete	Councillor	Director at Keorapetsi Avenue Director at Gaoba consultants and general trading Member at JH Phete General Traders Member at World Focus 1509

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Name of Related Person	Designation	Description of Related Party Relationship
D Pienaar	Councillor	Director at Adonai Enterprize Director at Halala enterprise Director at Denha Cash loans Director at DRP Property Investments Director at Futu Holdings Director at Futu Investments Director at JHD Enterprise Director at Kgatelopele Business forum Director at Likade trading Director at Phatsimo Director at Phutanang Recycling Primary Corporative Limited Director at Wonderers Youth Academy
E Fritz	Councillor	Director at Umelikaya Supplies
M Bosman	Councillor	Director at Kalksloot Bakery Director at Kalksloot Rural Development
P Matthys	Councillor	Director at CFH Solutions
B Bock	Councillor	Member at BM Bock Construction and community development
L Lankalebalela	Audit Committee	Director at Access Information Management Services Member at Final Score Member at Fita Consultancy Member at Halala Driving School Director at King Golfers Director at Xabiso Consulting Director at Storm Cup Trading
M Venter	Audit Committee	Director at Inkqbelo
GB Cloete	Middle Manager	Member at BC2S Construction Consulting and trading services
CM Mathe	Middle Manager	Director at O Mogolo Homes Director at Our Solid Foundation
M Manyeh	Middle Manager	Director at Brownsugar Communications
E Van Der Westhuizen	Middle Manager	Director at Second Home Hostel
JA Kitching	Middle Manager	Director ar Ablaze Trading 258
J Linden	Middle Manager	Director at Hazfree Waste Management
J Visagie	Middle Manager	Director at Sakiwi5 Trading
FJ Strauss	Middle Manager	W J P Strauss Boerdery
K Kitching	Manager's Spouse	Director at ANSEC 133 Director at Hemiprox
A Van Zyl	Manager's Spouse	Director at ANSEC 133 Director at Hemiprox
J Van Der Westhuizen	Manager's Spouse	Director at Second Home Hostel
AK Tieties	Middle Manager	Director at A and t Development Director at Khanya Solar solutions
JG Van Wyk	Managers Spouse	Director at JVV Group
G Booysen	SCM Official	Member at GSNF Construction

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

Name of Related Person	Designation	Description of Related Party Relationship
M Daniels	Councillor	Member at Tsansabane Recycling waste management and civils
D Pienaar	Councillor	Director at Futu Mining Director at Kgosi Fire Engineers Director at Vision Valley technologies
N Prince	Councillor	Director at Grand Bridge Trading 95 Member at Yinhla Training and business consulting firm Director at Moreteng Investments
E Phete	Councillor	Member at Nepego construction and primary corporative limited
ML September	Councillor	Director at Tumelo NJ General services

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Name of Related Person	Designation	Description of Related Party Relationship
PJ George	Councillor	Director at Doods and George Trading Director at Philander and George Trading
L Langalebalela	Audit Committee	Director at Definada Trading Member at EL Computers Director at Numbersecure Director at Zamori 63 Director at Blue rose investments
J Nengome	Middle Manager	Member at Sedzaphanda Building Construction
JB Van Wyk	Middle Manager	Director at JWV
A Van Zyl	Directors Spouse	Strauss Van Zyl

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

Name of Related Person	Designation	Description of Related Party Relationship
S Abel	Councillor	No relationship with businesses
P Mgcera	Councillor	No relationship with businesses
A Kotzee	Councillor	No relationship with businesses
M Basson	Councillor	No relationship with businesses
S Sandlana	Councillor	No relationship with businesses
M Mashila	Councillor	No relationship with businesses
J Balies	Councillor	No relationship with businesses
AC Kotzee	Councillor	No relationship with businesses
K Kearomotswe	Councillor	No relationship with businesses
D De Koker	Councillor	No relationship with businesses
A Mashimo	Councillor	No relationship with businesses
D Esau	Councillor	No relationship with businesses
S Dubeni	Councillor	No relationship with businesses
A De Bruin	Councillor	No relationship with businesses
A Johnson	Councillor	No relationship with businesses
K Esau	Councillor	No relationship with businesses
FL Witbooi	Councillor	No relationship with businesses
MHB Van Zyl	Councillor	No relationship with businesses
H Ross	Councillor	No relationship with businesses
WD Klim	Councillor	No relationship with businesses
A Ruiters	Councillor	No relationship with businesses
M Maasdorp	Councillor	No relationship with businesses
MC Basson	Councillor	No relationship with businesses
J Lodewyk	Councillor	No relationship with businesses
J Silo	Councillor	No relationship with businesses
A Viljoen	Audit Committee	No relationship with businesses
JG Lategan	Municipal Manager	No relationship with businesses
DJ Van Zyl	Director	No relationship with businesses
E Britz/Isaacs	Director	No relationship with businesses
I De Waal	Director	No relationship with businesses
A Phete	Middle Manager	No relationship with businesses
R Snyders	Middle Manager	No relationship with businesses
J Willemse	Middle Manager	No relationship with businesses
T Galloway	Middle Manager	No relationship with businesses
B Feris	Middle Manager	No relationship with businesses
B Van Kradenburg	Middle Manager	No relationship with businesses
B Knouwds	Middle Manager	No relationship with businesses
F Ruppig	Middle Manager	No relationship with businesses
J Shorty	Middle Manager	No relationship with businesses
G Present	Middle Manager	No relationship with businesses
T Job	Middle Manager	No relationship with businesses
H Theron	Middle Manager	No relationship with businesses

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Name of Related Person	Designation	Description of Related Party Relationship
S Berend	Middle Manager	No relationship with businesses
D Lekanyane	Middle Manager	No relationship with businesses
G Kuun	Middle Manager	No relationship with businesses
T Louw	Middle Manager	No relationship with businesses
H Mchlauli	Middle Manager	No relationship with businesses
S Botha	Middle Manager	No relationship with businesses
C Swarts	SCM Official	No relationship with businesses
L De Klerk	SCM intern	No relationship with businesses
M Bosman	Learnership	No relationship with businesses
A Lategan	Director's Spouse	No relationship with businesses
M Theron	Managers Spouse	No relationship with businesses
R Galloway	Manager's Spouse	No relationship with businesses
JM Snyders	Manager's Spouse	No relationship with businesses
LG Cloete	Manager's Spouse	No relationship with businesses
JP Berend	Manager's Spouse	No relationship with businesses
B Feris	Managers Spouse	No relationship with businesses
NE Mchlauli	Managers Spouse	No relationship with businesses
EE Job	Managers Spouse	No relationship with businesses
ND Isaacs	Manager's Spouse	No relationship with businesses
T Linden	Manager's Spouse	No relationship with businesses
AM Shorty	Manager's Spouse	No relationship with businesses

41.2 Services rendered to Related Parties

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

41.3 Loans granted to Related Parties

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

41.4 Compensation of Related Parties

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

41.5 Purchases from Related Parties

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

41.6 Related Parties of Spouses

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

ANNEXURES AND VOLUMES

The following documents herewith form part of the Annual Report 2021/2022 will be attached to this report in the following order:

Annexure A - Annual Performance Report [To be Attached]

Annexure B – Audit Committee Report [Attached]

VOLUME IIA- Annual Financial Statements [To be Attached]

VOLUME IIB- Audit Recovery Plan [To be Attached]

ANNEXURE A

ANNUAL

PERFORMANCE

REPORT

(TO BE ATTACHED)

ANNEXURE B

AUDIT

COMMITTEE

REPORT

Audit Committee Report



For the year ending

30 June 2022

Audit and Performance Committee Report

The Audit and Performance Committee of the District Municipality is proud to have significantly contributed during the 2021/2022 financial year by being part of the combined assurance function that resulted in another clean audit.

The prolific of the combined assurance function immensely buoyed to the clean audit outcome. It is this model with a stable leadership structure in terms of a functioning Council and Administration with its roots in good governance and sound financial management that we believe is the solution to improvement of the entire District Municipality's Audit Opinion outcome. It is still our belief that a shared Audit Committee model with the B-Municipalities is the solution to improve audit outcomes of all our local municipalities.

We are pleased to present our report for the financial year ended 30 June 2022.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Members of the Audit and Performance Committee are all Independent Members of the District Municipality

	Audit and Performance Committee Members		
	Mr L. Lankalebalela Chairperson	Mrs M. Venter Member	Ms. A. Delport Member
No of Ordinary meetings attended	4	4	4
No of Special meetings attended	2	2	2

The effectiveness of Internal Control

In line with the MFMA and the King IV Report on Corporate Governance requirements, the combined assurance function provides assurance to Council that the internal controls are appropriate and effective. It was noted that matters of internal control which were highlighted during the qualified audit opinion, were amended. No other matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom.

Evaluation of Submitted Reports

The Audit Committee has:

- Reviewed and discussed the Unaudited Annual Financial Statements to be included in the Annual Report of management and Auditor General South Africa;
- Reviewed and discussed the Annual Performance Report;
- Reviewed the District Municipality`s compliance with legal and regulatory provisions;
- Reviewed the Auditor-General`s Management Letter and management`s response thereto;
- Reviewed significant adjustments resulting from the Audit.

Performance Management

The position for Deputy Director for Performance Management has been vacant for a portion of the financial year. The District Municipality achieved an overall performance target of 60.52% which is a slight regression from the previous financial year. More concerning is that The Auditor General has raised a concern with the incomplete and wrongful information submitted for auditing. Unfortunately, the Performance Management of the District did not obtain a clean audit opinion but remained on an unqualified Audit Opinion. Limited to no support was also given by the District Municipality to the B-Municipalities.

Internal Audit

The Audit Committee is pleased with the performance of the Internal Audit. The support to The B Municipalities could be an added benefit to The District Municipality. We have suggested a District Internal Audit Forum to address common concerns and the sharing of ideas.

Risk Management

We welcome the appointment of a Risk Committee Chairperson within the District Municipality. It is our recommendation to management to urgently conduct a Strategic Workshop to address the eminent concerns of risk, revenue enhancement and recovery of debt to augment cash flows.

Auditor-General of South Africa

The Audit Committee met and discussed the final audit report with the team of the Auditor General of South Africa to ensure that there are no unresolved issues. We have reviewed the final audit report and accept the Auditor General South Africa`s report on the annual financial statements. We are of the opinion that the audited annual financial statements should be accepted. The auditors remained independent throughout the financial year.

Appreciation

The 2021/2022 financial year marks the beginning of the term of office for the new Municipal Council. It`s been our honour and pleasure to work with Council and having achieved much together.

The Audit Committee wishes to thank the Council of the District Municipality and thank management, the staff and other stakeholders including the team of the Auditor General South Africa for their continued commitment to assist the Audit, Risk and Performance Committee in our responsibility.

L. Lankalebalela

Chairperson of the Audit and Performance Committee

VOLUME IIA
ANNUAL
FINANCIAL
STATEMENTS
(TO BE ATTACHED)

VOLUME IIB

AUDIT

RECOVERY

PLAN

(TO BE ATTACHED)