

**PHUMELELA LOCAL MUNICIPALITY
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**PHUMELELA
LOCAL MUNICIPALITY**

FINAL ANNUAL REPORT

2022/2023

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CHAPTER 1

FOREWORD AND EXECUTIVE SUMMARY



Component A: Mayor's Foreword

Dear residence and stakeholders I am honoured to present the Annual Report for Phumelela Municipality for the financial year 2022/2023. This report reflects collective effort, challenges and achievement for the past year and serves as a major tool for residence and stakeholder to measure the performance of our leadership in line with our strategic document namely IDP 2022/2023. This Annual report is also in compliance with Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA).

Phumelela Local Municipality's council took office in November 2021 after local government election held on the 1st November 2021. The 2022/2023 Annual Report marks an important milestone in the development of our municipality in two folds, one being that it provides us with an opportunity to reflect on the mid-term progress in our current term of office.

The IDP and budget process is more than a “tick box” exercise in the mechanism of participatory governance. It also provides a reflective mirror which helps us assess the level of accessibility, quality, sustainability and accountability of service delivery. For the next five years, our mission is simply to have solution-driven innovations, to focus on essential economic and social development, and to continue excellent service delivery whilst maintaining steadfast good governance and financial management. We are furthermore committed to implement integrated communication that not only informs and empowers our Community, but promotes Phumelela as a business, investment, tourism and Agriculture produce destination.

Our road map is informed by Free State Vision 2030 below



We are committed to achieving the following development priorities:

- Sustainable Service Delivery
- Sustainable Local and Rural Economic Development.
- Financial Viability
- Good Governance and Public Participation, and
- Inclusive Economic Growth and Sustainable Job Creation

The Municipality's focus for the next five years will be on maintaining good governance and compliance whilst practicing strict fiscal discipline. There will be an increased attention on improving efficiencies (doing more with less) as well the ease of doing business. Local contractor development will be given priority, and internal and external communication will be conducted proactively. The Municipality is also focused on completing key projects aimed at Poverty Eradication, Infrastructure development and refurbishment with Job Creation and food security being at the center.

In the main the municipality is faced with (and is trying to deal with) the following challenges: Replacing and Refurbishing ageing infrastructure, protecting municipality infrastructure against vandalism and theft, ensuring stable water supply, and reliable refuse removal, ensuring waste management compliance, activate local economic development through township establishments and residential sites allocation and improvement of basic condition of living for all citezens of Phumelela Municipality Jurisdiction.

To give a further meaning to this year's mandate and to gratefully applaud Phumelela Management Team, Councilors and officials for the hard work invested in our programs, our IDP and broader infrastructure expansion as this yielded an unqualified audit opinion. To speed up service delivery, one of our turnaround's strategies should be a strategy of intervention geared towards

ensuring that we meet the basic needs of our people, build a clean, responsive and accountable government, and strengthen partnership between the municipality and community and to improve support and oversight. On behalf of Phumelela Local Municipality Council, let me acknowledge the persistent hard work, dedication, determination and participation displayed by staff of our municipality during the IDP processes.



.....
Cllr. M.D Kobeni
Mayor
Phumelela Local Municipality

EXECUTIVE SUMMARY

1.2 Municipal Manager's Overview

Chapter 12, section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines.

This Annual Report should include:

- a) Annual Financial Statement of the Municipality Submitted to the Auditor General for Audit in terms of Section 126 (1) of the MFMA
- b) The Auditor General Audit Report in terms of Section 126(3) of the MFMA as well as Section 45 (b) of the Municipality Systems Act.
- c) Annual Performance Report are prepared in accordance to Section 45 (b) of the Municipality Systems Act.
- d) Corrective Action either taken or planned in response to the issues raised in the Auditor General's Report, as well as recommendations emanating from the Municipality's Audit Committee.

Chapter 12 could be read together with Nation Treasury MFMA Circular No. 63.

I am pleased to present the overview of Phumelela Local Municipality 2022/23 Annual Report. This comprehensive report reflects the Phumelela Local Municipalities commitment to governance, financial management, service delivery, and community well-being. This Annual Report for the 2022/23 financial year provides an update on the progress made against the Service Delivery

and Budget Implementation Plan (SDBIP) as well as the Integrated Development Plan (IDP), which are crucial for the municipality's development.

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Municipal Functions and Access to basic Services

In accordance with Section 155/156 of the Constitution and Chapter 3 of the Municipal Systems Act.

Access to services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that households enjoy a decent standard of living. To satisfy these basic requirements, the municipality contributed as reflected below during 2022/2023.

Service Delivery Performance 2022/2023

CURRENT STATUS QUO ON ACCESS TO BASIC SERVICES																
Municipality	Water				Sanitation				Electricity				Refuse Removal			
	No of HH		HH without Access	%	No of HH		HH without Access	%	No of HH		HH without Access	%	No of HH		HH without Access	%
Vrede	8633	7100	1570	82%	8633	6709	1400	78%	8633	6594	2039	76%	8633			
Warden	4260	3335	895	78%	4260	2500	600	59%	4260	3140	1486	74%	4260			
Memel	3500	2155	1250	62%	3500	1855	1703	92%	3500	1955	1245	56%	3500			

Service Delivery performance and re-alignments

We are reasonably satisfied with improved access to basic services in the 2022/2023, while we intensify our efforts focusing on Memel on matters and water and electricity and Warden on sanitation. In the 2023/2024 financial year will continue to prioritise and address the following: (1) Schools and households in rural areas will be prioritised to have access to basic services mainly water and sanitation. (2) finalise Sewerage treatment works in Warden, full waterborne systems of sanitation in Memel (oxidation ponds) and Municipality to providing water and sewerage infrastructure to new development areas in Memel-Zamani and Warden-Ezenzeleni (Greenfield areas). (3) The finalisation of the process of re-location the landfill sites making sure that they are properly

registered and maintenance of current land field site through community collaboration. (4) Finalisation of an LED strategy and cemetery maintenance plan.

ELECTRICITY SERVICES PROVISION

The electricity coverage within the Municipal area covers 70% of the households. The Municipality has a distribution license covering Vrede, Memel and Warden. To date the municipality is finalizing 100% total handover of its electricity distribution to ESKOM, but will continue maintaining its aging infrastructure.

ROADS AND STORM WATER SERVICES

Access roads are in a fairly good condition. However, internal roads are mainly filled with potholes, no road markings and signs. Storm water channels including bridges have not been adequately maintained and exacerbate sporadic flooding in some areas, due to financial constraints and shortage of resources. The estimated internal road backlog of +60km will be addressed through MIG funding.

PROJECT MANAGEMENT UNIT (PMU)

MIG Project Management Unit (PMU) is a function within a Municipality, and under normal circumstances, existing personnel within the Municipality should be utilized for this purpose. The duties that need to be performed relates to the planning, organizing, coordinating, controlling and directing of the activities of projects funded through MIG. The Municipality may utilize up to 5% of its MIG allocation to ensure a sustained project management function to support the implementation of the MIG programmes. The municipality will look at strengthening this Unit to ensure quality project delivery.

Population and Demographics

The name "Phumelela" means "to succeed" in isiZulu. Phumelela municipal area stretches over 8 183 square kilometers in extent and includes the following towns –Vrede, Warden and Memel as well as part of the Riemland and Drakensberg TRCs. The Phumelela Local Municipality forms part of the Thabo Mofutsanyane District Municipality in the Free State province. It is one of the six (06) local municipalities within the district, other five local municipalities are Setsoto, Mantsopa, Dihlabeng, Nketoane and Maluti-a-phofung. According to the 2011, 2016 and 2022 Statistics SA census survey Phumelela demographics the total population size increased to 47 772 persons, to; reflecting 7% of the total population of the Thabo Mofutsanyane District municipal area. The current households register at 12 888, consisting of both urban 75% and farming 25%. The political and administrative center of Phumelela Municipality is situated in the town of Vrede, though Council from time to time congregates in Warden and

Memel as part of its outreach program. The preferred languages for the people of the Phumelela area are IsiZulu 52.2%, Sesotho 32% and Afrikaans 7.4% whilst other national languages all register below 1.5%.

Economic Overview

Agriculture is the primary employing sector within the Phumelela area, followed retail trade, followed by catering and accommodation.

The highest contributing sectors to the Growth Domestic Product (GDP) are:

- Agriculture
- Retail trade, catering, and accommodation
- Finance, insurance, real estate, and business services
- Transport, storage
- Building and Construction

Labour Profile

According to Statistics South Africa, the official unemployment figure for the Phumelela area is estimated at 3624. It should be noted, however, that the “Other not economically active” participants amount to an overwhelming 12 336 In terms of youth unemployment, 34.6% of persons aged between 15-34 years within the Phumelela area are unemployed

ORGANIZATIONAL AND FINANCIAL HEALTH OVERVIEW

Financial Viability and Management

We are striving to ensure a sustainable improvement in the operational cash flow situation of the municipality. Although our cash flows are under severe pressure for a number of consecutive financial years, we have managed to close the 2022/2023 financial year with a positive bank balance.

The municipal salary bill is huge for the size of the Municipality our employee cost is at 34.13% and the norm for this ratio is 25%-37%, ways must be found of ensuring that the Labour cost is more efficient and effective to the operations of the Municipality. The ratio of repairs and maintenance is too low at 3.63% considering the age of the municipal distribution infrastructure and this

certainly points towards lack of adequate efforts to ensure that the municipal assets remain in an efficient state. The norm is usually 8%

of operating expenditure, the non-existence of repairs and maintenance plan and the lack of funds may eventually lead to immense water and electricity losses. Compounding our challenges of financial viability is slow collection and low recoverability of outstanding consumer accounts leading to suppliers are not paid within the legislative 30 days.

AUDITOR GENERAL REPORT

Maintenance in relation to audit opinion; The past four financial years the Municipality has been getting Qualifications from 2018/2019 and 2019/2020 and 2020/2022 and 2021/2022 financial year and the municipality **received an unqualified audit opinion for the year 2022/23 for both the financial statements and the annual performance report**

2019/2020	2020/2021	2021/2022	2022/2023
Unqualified	Unqualified	Unqualified	Unqualified

Capital Expenditure

Details	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000
Original Budget	60 619	86 053	60 293	53 847
Adjustment Budget	57 619	88 005	63 219	53 847
Actual	57 601	82 798	43 427	30 570

Data Supplied by Financial Services Department

ORGANISATIONAL DEVELOPMENT OVERVIEW

The municipality has an approved organizational structure. The organizational structure of the municipality provides for three (3) section 56 positions and one (1) section 57 positions of which three of them were filled during November 2018). The overall vacancy rate of the municipality for 2020/2021 was 24.68%, 2021/2022 was 26.95% and 2022/2023 was 26.15% Senior management is capacitated and complies with the minimum requirements in terms of the National Qualifications Framework. As required by the Skills Development Act, Act 1998, and the Sector Education Training Authorities Grant Regulations, 2012, the Municipality submitted its Workplace Skills Plan for staff training and development on May 2022. The municipality did not have a functional Training Committee

In conclusion I would like express my sincerely gratitude to all role players who contributed positively towards good governance of the municipality more especially the political leadership under Honourable Mayor: Cllr M.D Kobeni for his sterling effort in ensuring that there is smooth interface between management and Council. I also want to thank Councillors for their guidance and for being the community voice and placing community concerns at the center of all our discussions. I also wish to thank our dedicated, committed personnel who have been appointed on the acting position to assist municipality to achieve its objectives made it possible that we comply in all respect. I will not be doing justice if I omit the critical role played by our foot-soldier (staff Members) that has worked tirelessly to ensure that our communities' lives are improved within the legislative process. Our shop

stewards have been a vanguard of the working force by ensuring that they adhere to labour related principles although there is still much to be done.

GPN Mhlongo- Ntshangase

Municipality Manager

MUNICIPAL RESPONSE TO OUTAGES 2022/2023

Water		ELECTRICITY		SEWERAGE Challenges/Spillages		OTHER Roads	
2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
18%	22%	16%	27%	13%	19%	2km's	2Km's

Alignment of municipal activities towards the IDP and Council resolutions

Our municipality has conducted a comprehensive review of our IDP according to the provincial simplified IDP and Process Plan. This, together with the resolutions of Council during the year, provided us with the governance and management framework according to which we have planned, organised, and

Implemented our activities during the year. In this regard, I wish to specifically refer to the following issues:

- Council's emphasis on improving access of our communities to basic services, with specific reference to water, sanitation, electricity and refuse removal. We have managed to improve the quality of our drinking water through our participation in the blue drop assessment process.
- Our governance structure namely, Council, EXCO, shared Audit committee, Risk Committee and Local Labour Forum has improved as compared to previous years.
- The Municipality has successfully managed to source financial support through the National Department of Water and Sanitation for the upgrading of one (1) sewer pump stations, sewer treatment works for Vrede and Thembalihle, and the rising main of sewer network from the sewer treatment works to Vrede Town. Such development will have a long-term benefit that will cater for our sewer infrastructure in both Vrede and Thembalihle.
- Our community engagement and participation processes and structures have improved. In this regard our emphasis in the coming financial year will be on actively partnering with our communities in our efforts to develop our local area.
- Our commitment to work towards a clean audit opinion by 2023, in support of the aims of Operation Clean is non-negotiable.

Priority issues related to Financial Management

1. Training of all finance officials in the use of the financial system (MSCOA).
2. Data cleansing remain critical (Data cleansing may reduce value of debtor's book – real values will only be available after cleansing. Only then realistic targets for collection could be set.
3. Ensure that all critical vacant positions in the municipality are filled: Director Corporate Services, Electricity Manager, and Warden, Revenue Manager, Chief Records Officer.
4. Establish an independent debt management.
5. Draw up an Action Plan to address the audit queries
6. Sourcing capacity-building interventions from Provincial Treasury and COGTA
7. Establishment of IT infrastructure and accessibility of Internet connections to all staff members are critical for Finance to perform its functions

Policies and related administrative matters

The municipality has maintained registers of the required administrative and financial policies throughout the 2022/2023 financial year. The Municipality is in a process of developing employment equity plan. The employment equity report was reviewed and progress reports about its implementation submitted to the Department of Labour. The following important plans and policies were also approved and/or implemented:

- The Property Rates Act
- Infrastructure Procurement and Delivery Management Policy
- Tariff and Services Policy
- Credit Control and Debt Collection Policy
- The Indigent Register
- The Supply Chain Management and Procurement Policy
- Bank and Investment Policy
- Bank and Investment Policy
- Budget and Virements Policy
- Debt impairment Policy
- SPLUMA Tariffs
- Accounting policies
- Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy
- Cost Containment Policy
- Travelling and Subsistence Policy
- PMS Policy
- A risk management plan has been finalized

We have also managed to establish ward committees who will in turn have to be available to assist our ward Councillors in performing their duties.

1.2.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Municipal Functions

In accordance with Section 155/156 of the Constitution and Chapter 3 of the Municipal Systems Act.

Access to services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that households enjoy a decent standard of living. To satisfy these basic requirements, the municipality contributed as reflected below during 2022/2023.

Indicator	2011 Census	Status Quo	Difference 2011 vs Now	Back- Log
Access to Portable Water	30,6%	79,9%	49,3%	20,1%
Access to Sanitation	59%	64,5%	5,5%	35,5%
Access to Electricity	74%	79%	5%	21%
Access to Roads & Storm Water	164.7%	185 km	19.7km	75km Dirt Roads
Access to Refuse	61%	61%	0%	39%

Local Economic Development

Our municipality intended to undertake a formal local economic development program structured in accordance with a properly analyzed and mechanized Local Economic Development Strategy. Our hope to source support from FSCOGTA in this instance was not successful leaving us currently with little option but to source private support for the development of such a strategy.

This however did not hinder the municipality from undertaking a number of LED related projects that empowers individuals and groupings throughout the municipality with the support from various government departments and agencies. With the current institutional skills gap and general skills gap throughout the municipality area, numerous individuals were afforded opportunities to enhance their skills by way of training provided and or facilitated. The municipality continues to source from capacitated individuals and groups to address challenges related to.

MUNICIPALITY	NAME OF PROJECT	NUMBER OF PARTICIPANTS	WAGE/RATE	NUMBER OF DAYS	BUDGET
Phumelela LM	Warden/ Ezenzeleni: Upgrading of Sport Facility Phase 4	20	180	72	R 585 001
Phumelela LM	Memel Zamani: Electrification of 300 of 1211 sites	42	R160	394	R8 500 000
Phumelela LM	PMU	3	R180	394	R 5 127 411
Phumelela LM	Construction of roads	40	R186.84	5720	R5 560 560
Phumelela LM	Warden/ Ezenzeleni: Upgr of outfall sewer line and pump station	28	R180	5800	R28 493 147
Phumelela LM	Thembalihle/ Vrede: Upgrading of Out-fall Sewer	24	180	220	R 5 716 140
Phumelela LM	Thembalihle/ Vrede: Upgrading of Out-fall Sewer	0	0	0	R 2 837 000
Phumelela LM	Memel/Zamani: Constr of Water Network 500 sites in Lindelani	0	0	0	R 1 400 000
Phumelela LM	Warden/Ezenzeleni: Refurbishment of Water Treatment Plant in Warden	28	180	1687	R5 000 000

117 other labor-intensive projects to assist the unemployed market and provide possible income for indigent households, the municipality continues to suffer not being able to access crucial data and information pertaining the job markets, economic growth centers, growth forecasts, regional economic data that influences migration and settlement patterns.

A strong research drive is required to continuously assess local capacity, development, and potential growth opportunities.

Demographics within the Phumelela Municipality

The preferred languages for the people of the Phumelela area are IsiZulu 52.2%, Sesotho 32% and Afrikaans 7.4% whilst other national languages all register below 1.5%.

According to the 2011 Statistics SA census survey Phumelela demographics can be summarized as follows:

- The total population size increased to 47 772 persons to reflecting 7% of the total population of the Thabo Mofutsanyane District municipal area.

Population Growth

The population growth based on the 2016 Community survey indicates a positive growth in relation to the negative growth of - 0.8%% recorded in 2011 census. Our current population was officially recorded at **50054** in October of 2016.

Population Groups

Sex by Ratio

There are more females than males across all wards except wards 5 and 7 where 49.7% and 49% is registered whereas ward 8 shows an equal total of males and females.

Table 8 Sex by Ratio of Phumelela

Province, District and Local Municipality	Gender		Total	Sex ratio (Males per 100 Females)
	Male	Female		
Free State	1379965	1454749	2834714	95
DC19: Thabo Mofutsanyane	366168	413432	779600	89
FS191: Setsoto	55537	62095	117632	89
FS192: Dihlabeng	67562	72482	140044	93
FS193: Nketoana	31142	33751	64893	92
FS194: Maluti a Phofung	161275	192177	353452	84
FS195: Phumelela	24709	25345	50054	97
FS196: Mantsopa	25943	27583	53526	94

Data source: Statistics South Africa, Community Survey 2016

Functional Age Group

The majority of the population is made up of the functional age group in Phumelela.

Table 9 Distribution of the population by functional age group in Phumelela municipal area

Province, District and Local Municipality	0-14 Children	15-34 Youth	35-64 Adults	65+ Elderly	TOTAL	Dependency Ratio
Free State	797265	1058948	732863	245638	2834714	58,2
Thabo Mofutsanyane	231918	310041	174745	62896	779600	60,8
Setsoto	35790	45957	26010	9875	117632	63,5
Dihlabeng	38175	55288	35321	11259	140043	54,6
Nketoana	19557	25240	14488	5609	64894	63,3
Maluti a Phofung	107879	142635	74732	28206	353452	62,6
Phumelela	14470	19619	11998	3968	50055	58,3
Mantsopa	16048	21301	12198	3979	53526	59,8

Data source: Statistics South Africa, Community Survey 2016

School attendance

Table: 10 Indicates school attendance, non-attendance and unknown in Phumelela municipal area.

Geography	School Attendance		
	Yes	No	Do not know
Free State	859361	1699444	2402
DC19: Thabo Mofutsanyane	268523	432677	765
FS191: Setsoto	42478	62626	85
FS192: Dihlabeng	44039	82926	26
FS193: Nketoana	19784	39200	-
FS194: Maluti a Phofung	128792	188249	580
FS195: Phumelela	15083	30411	57
FS196: Mantsopa	18347	29264	18

Data source: Statistics South Africa, Community Survey 2016

Highest Level of Education Attained

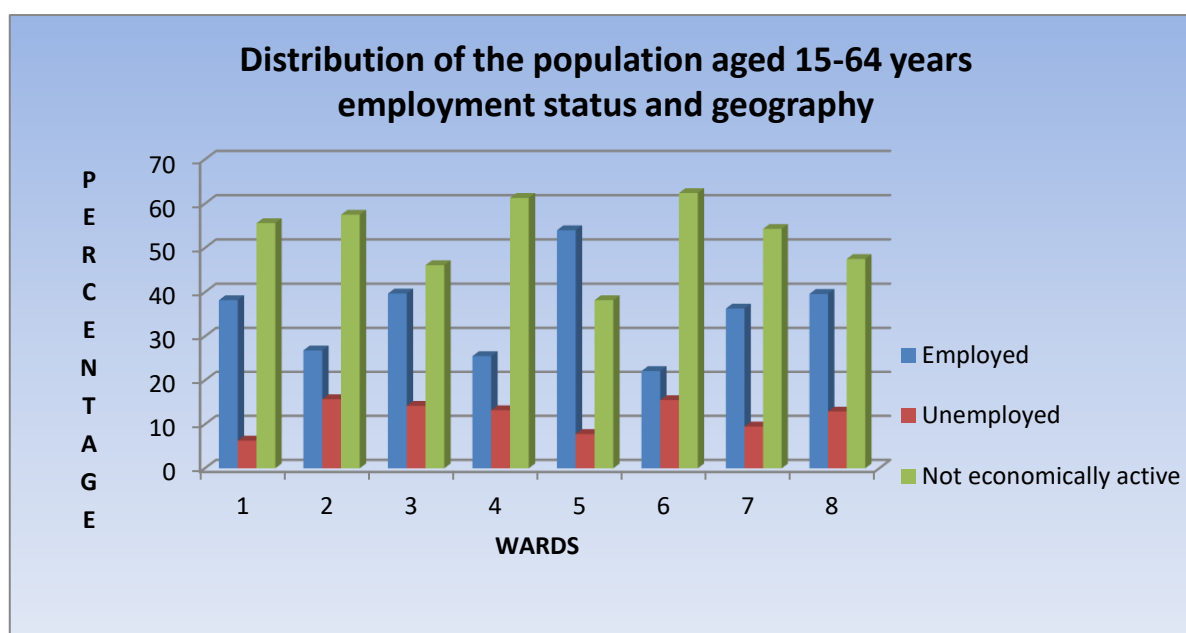
Table: 2 Education Levels in Phumelela municipal area

Education Levels	Totals
No schooling	2320
Grade 0	1650
Grade 1/Sub A/Class 1	1465
Grade 2/Sub B/Class 2	1399
Grade 3/Standard 1/ABET 1	2468
Grade 4/Standard 2	2332
Grade 5/Standard 3/ABET 2	2166
Grade 6/Standard 4	2881
Grade 7/Standard 5/ABET 3	3508
Grade 8/Standard 6/Form 1	2911
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	4126
Grade 10/Standard 8/Form 3/Occupational certificate NQF Level 2	4183
Grade 11/Standard 9/Form 4/NCV Level 3/ Occupational certificate NQF Level 3	4691
Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3	7474
NTC I/N1	-
NTCII/N2	-
NTCIII/N3	53
N4/NTC 4/Occupational certificate NQF Level 5	95
N5/NTC 5/Occupational certificate NQF Level 5	19
N6/NTC 6/Occupational certificate NQF Level 5	127
Certificate with less than Grade 12/Std 10	-
Diploma with less than Grade 12/Std 10	35
Higher/National/Advanced Certificate with Grade 12/Occupational certificate NQF	120
Diploma with Grade 12/Std 10/Occupational certificate NQF Level 6	320
Higher Diploma/Occupational certificate NQF Level 7	185

Education Levels	Totals
Post-Higher Diploma (Master's	159
Bachelor's degree/Occupational certificate NQF Level 7	285
Honors degree/Post-graduate diploma/Occupational certificate NQF Level 8	59
Master's/Professional Master's at NQF Level 9 degree	27
PHD (Doctoral degree/Professional doctoral degree at NQF Level 10)	10
Other	180

Data source: Statistics South Africa, Community Survey 2016

Graph 3 Unemployment rate in Phumelela municipal wards



Data source: Statistics South Africa, Census 2011

Service Delivery Overview

Basic Service Delivery Achievements

Source of water

96% of households within the Phumelela area have access to municipal or service provider water, with the rest of the households sourcing water from dams, rivers, tankers, etc. Interventions to aid water security include continuous upgrades and maintenance to water purification plants in Phumelela as well as other developments to supplement the water demand.

Main Source of Water

Source of Water	Thabo Mofutsanyane	Setsoto	Dihlabeng	Nketoana	Maluti a Phofung	Phumelela	Mantsopa
Piped (tap) water inside the dwelling	2937	5693	19757	3930	24704	4092	4761
Piped (tap) water inside yard	150376	27557	22094	14163	66994	8535	11034
Piped water on community stand	5287	263	2075	867	1606	465	11
Borehole in the yard	1959	823	302	122	370	76	267
Rain-water tank in yard	419	23	39	-	333	23	-
Neighbor's tap	4543	379	130	233	3462	331	28
Public/ Communal tap	4511	804	1304	271	1806	327	-
Watercarrier / Tanker	9488	26	456	31	8569	313	92
Borehole outside the yard	3106	1443	383	66	415	124	674
Flowing water / stream/ river	888	35	43	-	657	107	46
Well	411	49	140	-	222	-	-
Spring	986	12	79	-	835	47	11
Other	1260	279	55	-	752	148	26
Total	246171	37386	46857	19683	110725	14588	16951

Data source: Statistics South Africa, Community Survey 2016

Toilet Facilities

70.1%% of households make use of a flush toilet that is connected to a sewerage system, while 0.14% makes use of bucket system.

Graph 5 Distribution of households by type of toilet facility in the Phumelela municipal area.

District and Local Municipality	Main type of toilet facility used										
	Flush toilets connect to public sewerage system	Flush toilets connect to septic tank or conservancy tank	Chemical toilet	Pit latrine/ toilet - ventilation pipe	Pit latrine/toilet without ventilation pipe	Ecological toilet (e.g., urine diversion; enviroloo; etc.)	Bucket toilet (collected by municipality)	Bucket toilet (emptied by household)	Other	None	Total
Thabo Mofutsanyane	133785	7120	7092	26429	52141	885	8493	3352	3302	3572	246171
Setsoto	23884	1881	51	562	1448	504	7097	718	684	560	37389
Dihlabeng	37778	1454	783	1190	3804	159	526	714	199	249	46856
Nketoana	15348	507	707	232	1920	30	180	264	121	354	19663
Maluti a Phofung	32893	2104	5473	23497	41646	192	26	1428	1600	1865	110724
Phumelela	9412	813	39	520	3025	-	13	198	167	400	14587
Mantsopa	14470	361	38	428	298	-	651	30	531	144	16951

Source: Statistics SA Community Survey 2016

Energy

A total of 70% of households within the Phumelela municipal area have access to electricity for household purpose. 18% of households do not have access to electricity. The municipality has committed itself to energy efficiency within the municipal area, by focusing on the increase of capacity, upgrading of networks and replacement of outdated and faulty meters, to reduce electricity loss.

Table Distribution of households using electricity for lighting, cooking, and heating in Phumelela municipal wards

Local municipality	Household access to electricity									
	In-house conventional meter	In-house prepaid meter	Connect to other source which household pays for (e.g., con	Connect to other source which household is not paying for	Generator	Solar home system	Battery	Other	No access to electricity	Total
Setsoto	2660	30401	1589	53	12	137	-	263	2272	37387
Dihlabeng	2913	37519	1714	210	38	45	-	120	4297	46856
Nketoana	1367	16285	204	66	-	130	-	21	1591	19664
Maluti a Phofung	13165	89948	1734	87	20	16	16	649	5088	110723
Phumelela	1286	10263	74	13	54	46	22	151	2677	14586
Mantsopa	1865	13238	838	162	-	59	-	47	742	16951

Source: Statistics Community Survey 2016

Reduction in outages

Water		ELECTRICITY		SEWERAGE Challenges/Spillages		OTHER Roads	
2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
18%	22	16%	27%	13%	19%	2km's	2Km's

Data: Phumelela Technical Services department

Basic Service Delivery Challenges

Electricity and water losses experienced by the municipality over the last years are contributed to a number of factors, most of these factors or reasons for losses can be alleviated some at greater cost than others, whilst generally more awareness and consciousness of the public may assist the institution to manage such losses.

An initiative in collaboration with Eskom will address some of the losses the municipality experience in terms of collections relating to electricity, of which include the replacement of old dilapidated and faulty electricity meters. This collaborative effort will also deal with issues pertaining to current Eskom debt which also hinders our ability to service the current account.

The serious shortage of staff, specifically in the Technical Services Department is not only a disadvantage but is a direct cause of our inability to respond positively to most basic services challenges. The lack of Master / Sector plans across the organisation hinders our ability to do forecast planning and effectively plan specific long-term plans with anticipated growth considerations taken into account.

FINANCIAL HEALTH OVERVIEW - The municipality financial position is as reflected below

Financial Overview – Year 2022/2023			
Details	Original Budget R'000	Adjustment Budget R'000	Actual R'000
Taxes, Levies, and tariffs	75 645	83 132	65 036
Rental of facilities	844	844	716
Interest Income	22 112	31 060	23 802
Fines and Licenses	-	50	53
Grants (Operational & Capital)	136 129	130 129	134 720
Other	1,892	2,426	1 799
Public Contributions and Donations	-	-	3 683
Sub Total	197,775	208,794	229 809
Less Expenditure	197,723	208,765	262 607
Net Total	52	29	-32 798
Note surplus/deficit	Surplus	Surplus	Deficit

Data supplied by Financial Services Department

Note: Total expenditure include both operational and capital grants

The following table some key financial management challenges experienced in 2022/23

Key Financial Challenges and Interventions	
Challenges	Interventions (Initiated)
Non- filling of critical positions	Revenue manager positions anticipated to be filled in 2022/2023 financial year.
Low collection rate and high water and electricity distribution losses	Council approved 50% discount on settling of total debt and debt collectors were appointed for the hand over on defaulters, electricity split meters are being installed in Warden and water meters to be installed in whole of Phumelela subject to approval by COGTA.

Financial Health

Based on our operating ratios provided below the Municipality financial health is reflected as follows

Operating Ratios				
Details	%	Expected Norm	Variance from Norm	Comment
Employee Cost	34.13%	The norm for this ratio is between 25% and 37%	Zero	The actual employee cost expenditure is within the Norm.
Repairs & Maintenance	3.63%	8% of the carrying value of property land and equipment and investment property	Zero	There is no sufficient fund to spend on repairs and maintenance of Assets

Data Supplied by Financial Services Department

STATUTORY ANNUAL REPORT PROCESS

Table: Annual Report Process

Annual Report Process		
No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan confirms in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	JULY
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit Performance Committee considers draft Annual Report of municipality and entities where relevant	NOVEMBER
7	Mayor tables unaudited Annual Report	
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
10	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	DECEMBER-MARCH
11	Municipalities receive and start to address the Auditor General comments	NOVEMBER
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor General Report	
13	Audited Annual Report is made public, and representation is invited	
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight Report	

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

It is important to achieve the above deadlines, not only to achieve legislative compliance but to ensure the smooth running of municipal planning, budgeting, service delivery implementation and reporting cycles which all feed and depend on one another. The Municipal Annual Report also informs the planning process of other spheres of government, thus influencing our equitable share of future government grants.

The table below shows to what extent the municipality complied with legislative requirements and timeframes in terms of the 2022/2023 Annual Report Process.

Table: Legislative Compliance of the 2022/2023 Annual Report Process

Activity	Applicable Legislation	Comment
Annual Report tables to Council within 7 months after end of financial year	MFMA Section 121 (1)	Yes
Annual Report made public for public comment	MFMA Section 127 (5)	Yes
Annual Report placed on website within 5 days after tabling in Council	MFMA Section 75	Yes
Annual Report submitted to National Treasury	MFMA Section 127(5)	Yes

CHAPTER 2

GOVERNANCE

Governance

INTRODUCTION TO GOVERNANCE

Phumelela Local Municipality was established in terms of Section 12 Notice of the Municipal Structures Act of 1998. In terms of Section 12 Notice, the Municipality is a Category B Municipality which operates within the Executive System combined with the Participatory Ward Governance in Phumelela Local Municipality is composed of both the Political and Administrative Governance. Governance is the process of decision-making and the process by which decisions are implemented. Governance in the Municipality takes into account legal and constitutional accountability and responsibilities. The Political wing of the Municipality exercises their executive and legislative powers and function to govern the affairs of the municipality. The Administration wing is responsible for Corporate Governance as prescribed by various legislative frameworks.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

Phumelela local Municipality has two management teams: a Political and an Administrative team. Together they exist to provide a wide range of services to residents and businesses. Municipal councils exercise both legislative and executive functions. This is intended to facilitate hands-on governance and synergy between elected representatives, the executive, and the administration. The proximity is meant to facilitate a more vibrant and responsive municipality that would ultimately result in efficient service delivery. The political team made up of councillors and directed by the Mayor and EXCO Members, make strategic and policy decisions for the residents and businesses. The Administrative Team supervised by the Municipal Manager and the Departmental Directors are to ensure that the decisions are put into effect.

POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

In terms of Chapter 7, section 151(2) of the Constitution of the Republic of South Africa, the legislative and executive functions of a municipality are vested within its Municipal Council. The Political leadership of the Municipality exercise their executive and legislative powers and functions to govern the affairs of the Municipality. The legislative function of the Council is vested within the full Council with the Speaker as its Chairperson. The passing of policies and By-laws remain the responsibility of Council.

The Mayor: Cllr Mbuyiselwa Dume Kobeni has overarching strategic and political responsibility for Phumelela local Municipality and also represents the Municipality at ceremonial functions. He receives reports from the Municipal Manager and presents these along with recommendations to Council.

The Speaker: Cllr Topsy Zwane is the Chairperson of the Council. The Speaker presides over Council meetings ensuring that meetings are held regularly, maintaining order during Council meetings and that the rules and regulations of the meeting are adhered to. The Section 79 committees are District shared Services namely: Municipal Public Accounts Committee and Audit Committee.

The Audit Committee is an independent shared committee constituted to review the control, governance, and risk management within the Municipality. It is established in terms of section 166 of the Municipal Finance Management Act (MFMA). The Committee constitutes of members, who meet quarterly as per the schedule of meetings and provide recommendations on financial and nonfinancial processes of the Municipality.

Municipal Public Accounts Committee (MPAC) exercises oversight over the executive functionaries of Council and ensures good governance in the Municipality. Its functions include the analysis of the Annual Report, and submission of the Oversight Report on the Annual report to Council with recommendations. Once the Oversight Report has been considered and approved by Council it is published in accordance with the MFMA requirements and guidance.

PHUMELELA LOCAL MUNICIPAL COUNCIL 2021-2027

COUNCILLOR M.D KOBENI
(from November 2021)



MAYOR

Functions

- To preside during the Executive Committee meetings.
- To performs the duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by the Council or Executive Committee.
- Must provide general political guidance over the fiscal and financial affairs of the municipality.
- Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.
- Provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.
- Co-ordinate the annual revision of the integrated development plan in terms of section 34 of the Municipal Systems Act and the preparation of the annual budget and determine how the integrated development plan is to be taken into account or revised for the purposes of the budge.

COUNCILLOR T.R ZWANE
(from November 2021)



SPEAKER

Functions:

- To preside during the Council meeting performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government: Municipal System Act, No 32 of 2000.
- To ensure that Council meets quarterly.
- To maintain order during the Council meetings ensure compliance in the Council and Council committees with the Code of Conduct set out in Schedule 1.
- To ensure that Council meetings are conducted in accordance with Rules and Orders of the Council.

COUNCILLOR V THELA
(from November 2021)



1. Cllr MD Kobeni (Please see photo above)
2. Cllr V Thela
3. Cllr D.A. Wessels

To identify the needs of the Municipality

To review and evaluate those needs

recommend to the Municipal Council strategies, programmes, and services to address priority needs through the INTERGRATED Development plan, and the estimates of revenue and expenditure, taking into account any applicable National and Provincial development plan

recommend or determine the best way, including partnership and other approaches, to deliver those strategies, programmes, and services to the maximum benefit of community

To evaluate progress against the key performance indicators

To review the performance of the Municipality in order to improve

- 1.economy, efficiency, and effectiveness of the Municipality
2. the efficiency of credit control and revenue and debt collections services
3. implementation of municipal by-laws

Monitor the management of the municipality's administration in accordance with policy directions of the municipal council

oversee the provision of services to communities in the municipality in sustainable manner

Perform such duties and exercise such powers as the council may delegate to it in terms of section 32 annually report on the involvement of communities and community organisations in the affairs of the municipality ensure that regard is given to public views and report on the effect of consultation on the decisions of the council

COUNCILLOR D.A WESSELS



2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality

The **Municipal Manager** as head of the administration is responsible and accountable for tasks and **functions** as provided for in, but not limited to the Local Government: **Municipal** Systems Act, No. 32 of 2000, Chapter 8 of the Local Government: **Municipal** Finance Management Act, No. 56 of 2003. The municipal manager is appointed by council. The Municipal Manager is the link between the council and the administration, of which he/she leads. The accounting officer is responsible for the municipality's income and expenditure, assets, and other obligations such as proper adherence to all legislation applicable to municipalities. Subject to the municipal council's policy directions he ensures that an economically viable, effective, efficient, and accountable administration is established and developed, that the IDP comes to fruition, that municipal services are delivered in a sustainable and balanced fashion, that a personnel corps is appointed, managed, developed and disciplined and that sound labour relations are maintained. The Municipal Manager has to personally provide reasons to council for the way in which the financial affairs of the departments of council had been conducted, and this will be conducted with the assistance of the Finance Department.

The IDP and PMS Manager is a key Department within the Municipal Managers' office. It is responsible for the Integrated Development Plan (IDP) and Performance Management.

Senior Internal Auditor and Risk Manager are also located in the Municipal Manager's office and ensure compliance with municipal legislation. It also monitors that all departments adhere to the IDP, the municipal strategy, policies, and Risk Management in the sector.


Phumelela Local Municipality has three (3) Municipal Departments that report to the Municipal Manager. These Departments are directed by Directors who ensure that services are delivered to the people of Phumelela. However, note be taken that the Position of Director Technical remains vacant.

The Municipal Manager and his team of Directors and Managers convene weekly meetings to discuss key strategic service deliverables, progress, and guidance on achieving IDP goals, staff matters as well as the monitoring of the Municipal Budget and Projects.

The Municipal Manager and Directors, together with key managers, meet formally on a weekly basis to discuss key strategic issues which are then formulated into action plans for execution by mandated managers. The senior management team on scheduled basis engages with ExCom to accelerate issues of importance which requires a political mandate or support.

The Macro structure of the municipality is currently as reflected below.

MACRO STRUCTURE OF PHUMELELA MUNICIPALITY 2022/2023

<p>MRS. GPN MHLONGO NTSHANGASE Appointed as Municipal Manager from November 2023)</p>	<p>MUNICIPAL MANAGER</p> <p>Function</p> <ul style="list-style-type: none"> • Provide strategic Direction to all 3 Directors • IDP • SDBIP • Performance Management • Local Economic • Tourism • Sector Plans • Audit Management • Risk Management • B2B
<p>(Section 56) MR NF RALEBENYA Appointed as CFO from November 2018</p> 	<p>CHIEF FINANCIAL OFFICER</p> <p>Functions</p> <ul style="list-style-type: none"> • Revenue management, • Expenditure management, • Asset management, • SCM management, • Budget and Reporting

MR S MAYIMANE
Appointed Director Corporate Services
From 01 January 2023



DIRECTOR: CORPORATE SERVICES

Functions

- Human Resource Management
- Legal Services
- Admin and Records Management
- Information and Communication Technology
- Customer relations
- Community Services
- Traffic management & Fleet Management
- Disaster management & Firefighting Services
- Sports, Arts and Culture
- Human Settlements

MR L.M MOKOENA
Director Technical Services
(Appointed from November 2018)



DIRECTOR: TECHNICAL SERVICES

Functions

- Roads and Storm Water Management
- Water and Sanitation
- Refuse Removal
- Waste Management
- Electricity Management
- Town Planning, Land Use, Property Management

The total number of positions on the staff establishment is for the reporting period positions the status is as follows:

2022/2023

Positions	Number
Number of positions in the staff establishment	371
Total Number of new positions filled	8

Total number of critical vacant positions	2
Total number of vacant positions during the period	100
Section 54A position is filled and 3x 56 Manager posts have been filled for the period under review and performance agreement and employment contract signed. The performance agreement is signed on an annual basis.	3
Vacant Section 56 Position	1

The Municipality has Temporary appointment created

- 60 short term appointments created through EPWP, the municipality did not receive any funding

Meeting the requirements for Political and Administrative Governance

This section reports on how the municipality met requirements of participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability, and sustainability with regard to handling its governance mechanisms/structures.

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

Productivity

The municipality's political and administrative governance structures remained productive throughout the financial year (2022/23) and complied well with legislative requirements. The following meetings were held:

Table 10: Council and ExCom Meetings held and attended in 2022/2023

Meetings	2020/2021	% Attendance	2021/2022	% Attendance	2022/2023	% Attendance
Executive Committee Meetings	3	100%	2	100%	4	100%
Special Executive Committee Meetings	0	0%	0	0%	0	0
Council Meetings	5	98%	7	99.9%	7	95%
Special Council Meetings	3	98%	6	100%	7	90%

Table 11 Ward Committee Meetings held in 2022/23

Ward Committee	Chairperson	Number of Meetings
Ward 1,	Cllr S.O Magubane	7
Ward 2,	Cllr V.P Mahlaba	6
Ward 3,	Cllr M.D Kobeni	6
Ward 4,	Cllr K.A Sibeko	9
Ward 5,	Cllr L.L Molefe	6
Ward 6,	Cllr T.P Tsotetsi	7
Ward 7,	Cllr B.A Motsoeneng	6
Ward 8	Cllr V Thela	6

Ward Committee Meetings were held in 2022/2023

Table 12: Audit Committee Meetings and Attendance

Members	Position	29/08/2022 Ordinary and Special Meeting	29/11/2022 Ordinary and special Meeting	15/03/2023 Ordinary Meeting
Mr GA Ntsala	Chairperson	✓	✓	✓
Mr TS Morare	Member	✓	✓	✓
Ms MR Reid	Member	✓	✓	✓
Ms N Ntipe	Member	✓	✓	✓
Mr. LB Mokhantso	RMC Chairperson	✓	✓	✓

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should at a minimum meet 4 times per annum as per the approved terms of reference. In the year under review (2022/2023), Three (3) meetings were held.

Name of member and Number of meetings attended

Mr. GA Ntsala (Chairperson) 3 meetings attended

Me. M Kheta (Member) 3 meetings attended

Me. M Ntipe (Member) 3 meetings attended
 Mr. S Morare (Member) 3 meetings attended
 Mr. LB Lebenya (RMC Chairperson) 3 meeting attended

MPAC Committee

MPAC exercises oversight over the executive functionaries of council to ensure good governance in the municipality and this includes oversight over municipal entities. The Oversight Committee met on the following dates:

- 22nd and 23rd March 2023
- 03rd May 2023
- 28th August 2023

Accountability, Transparency and Rule of Law

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law. Transparency means that stakeholders are provided with information on decisions taken that directly affect them. Rule of law means that legal frameworks are enforced impartially.

The municipality's political and administrative governance structures are held accountable through various measures all of which are adhered to by the Phumelela Municipality.

Table 13: Governance Structures and Accountability Measures

Governance Structure	Measure of Accountability
Council	To approve the budget and encourage culture of community participation to community. Ensure that administration provide support to Council and to approve policies and by-laws
Executive Committee (EXCO)	To present strategic plan to council and make recommendations to council
Ward Committees	To assist the Ward Councilors with community needs and make recommendations to Council. They also serve as link to Council and residents
Portfolio Committees	Monitors municipal service delivery and budget implementation. Discuss matters affecting portfolio and submit reports to EXCO
MPAC Committee	The Oversight Committee serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council
The municipality reports its annual performance and financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion
The municipality reports its financial status and performance to its communities annually	The approved Annual Report is made available to the public
Municipal structures, employees, operations, procedures, and processes are ruled by legislation	Policies, Bylaws, Legislation, Regulations and Codes are available

Governance Structure	Measure of Accountability
Worker Representative Unions represent employees on organizational structures and observe the legality of labour practices procedures and processes	Unions serve as link between administration and labour. They assist labours in term of unfair labour practice by employer
Internal Auditing ensures the management of risk exposure and monitors adherence to legislation	The unit identifies municipal risk and generates a Municipal Risk Register Audit Committee reports are generated and tabled to Council
The Audit Committee is responsible for the oversight of internal controls, financial reporting and Compliance with regulatory matters.	Audit Committee approves the Internal Audit Plan and reports to Council
Community participation in the development of Policies and Strategies	Participative processes are scheduled
IDP and Budgeting Participation	Participative processes are ensured with a Council approved Process Plan
Performance Management Committee	An evaluation panel, established in terms of Section 6.6 of the Performance Agreement evaluates the performance of employees. Performance Agreements are signed on acceptance.
Organizational and Service Delivery Performance reporting to Council	Quarterly Performance Reports on the SDBIP are tabled to Council
Municipal Website promotes transparency	The municipality website has since not been functional due to budgetary constraints, the municipality relied on office of the premier to update the municipality information with the office of the premier which was not effective. The municipality is currently in the progress to source funding to operate its own website and all mandatory information will be place in the website as per section 75 of the MFMA

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal. In this instance, those governance structures and processes that ensure that the community needs are met, with the best use of resources

Table 14: Governance Structures and Measures of Effectiveness and Efficiency

Governance Structure	Measure of Effectiveness and Efficiency
Portfolio Committees monitors municipal service delivery and budget implementation	Quarterly Reporting to Council on the SDBIP
Executive Committee ensures the mid-term assessment of performance, spending and budget	Mid-Term Assessment Report tabled to Council Adjustment Budget Tabled to Council if needed Adjusted SDBIP tabled to Council if needed
Audit Committee ensures oversight of internal auditing and risk management processes	Internal Audit Plan Audit Committee Reports tabled to Council Risk Register Number of fraud cases reported, and losses recovered
Performance Management Committee	The performance Management System is designed to reward superior performance. This linking increase overall organizational motivation and efficiency by focusing the executive management on the successful implementation of the IDP and Budget.)

Equity and Inclusiveness

Society's wellbeing depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

The political and administrative governance structures of Phumelela Municipality reflect equitable representation of the area's population structure. Different Political Parties are well-represented in Council.

Consensus orientated

Good governance requires mediation of the different interests in society. To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and how this can be achieved.

Consensus on what is in the best interest of the whole community and how it can be achieved is a process that unfolds through the municipality's scheduled, consultative IDP, Budgeting and Ward Based Planning processes

Responsiveness

Responsiveness means that institutions and processes try to serve all stakeholders within a responsible timeframe.

The governance structures of Phumelela Municipality mainly adhere to set Council schedules, process plans approved by Council and reporting cycles determined by Provincial and National Government spheres. This is monitored through administrative compliance monitoring and oversight by the Audit Committee.

Participation

Participation can be direct and/or through legitimate intermediate institution or representatives.

Community participation in the governance structures of the Phumelela Municipality is mainly achieved through the Ward Committees System and consultative meetings with the community and sectors in the scheduled IDP/Budget process. Community Participation in the development of Policies and Strategies has otherwise been achieved through scheduled consultation sessions and/or workshops and/or through website uploads for community review and comments.

Table 15: Website Uploads for Community Review and Comments 2022/2023

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Website	Yes/No	Publishing Date
Current annual and adjustment budgets and all budget related documents	No	Nothing on the website
All current budget related policies	No	Nothing on the website
The previous annual report	No	Nothing on the website
The annual report (2020) published / to be published	No	Nothing on the website
All current performance agreements required in terms of section 57 (1)(b) of the MSA (2020) and resulting scorecards	No	Nothing on the website
All service delivery agreements	No	Nothing on the website

All long-term borrowing contracts	No	Nothing on the website
All supply chain management contracts above a prescribed value	No	Nothing on the website
Information statement containing a list of assets over a prescribed value that have been disposed of its section 14(2)	No	Nothing on the website
Contracts agreed in 2019 to which subsection (1) of section 33 apply, subject to subsection (3)	No	Nothing on the website
Public private partnerships agreements referred to in section 120 made in 2020	No	Nothing on the website
All quarterly reports tabled in the council in terms of section 52 (d) during 2020	No	Nothing on the website

The municipality website has since not been functional due to budgetary constraints, the municipality relied on office of the premier to update the municipality information with the office of the premier which was not effective. The municipality is currently in the progress to source funding to operate its own website and all mandatory information will be place in the website as per section 75 of the MFMA.

B. INTER-GOVERNMENTAL RELATIONS

The Municipal Systems Act, Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution Section 41.

Phumelela municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and inter-governmental relations with the district municipality, neighboring municipalities, Provincial and National Government and other government agencies. Maintaining good relations with other spheres of government makes it possible to benefit from the various contributions to service delivery offered by government, by aligning municipal planning to the development objectives and targets of provincial and national sector departments. Such contributions include various grants, skills development, and capacity building rollouts which strengthen local government in its quest to improve service delivery.

2.3 INTER-GOVERNMENTAL RELATIONS

Phumelela Municipal staff and Management attends various engagements / sessions in - upholding good inter-governmental relations for the purpose of good governance, government - collaborated strategic direction, aligned planning, reporting, legislative compliance, accountability and Phumelela's participation in government programs and rollouts to benefit development of our Administration, local area, and communities. The table below illustrates the numbers of engagements held in the province and district to which municipal officials were invited and therefore attended to enhance institutional capacity and access relevant dire funds or support which are sometimes offered at these engagements of government.

Table 16: IGR Engagements by Phumelela Municipality.

IGR ENGAGEMENTS FOR THE OFFICE OF MUNICIPAL MANAGER			
MEETING	ATTENDED BY PHUMELELA MUNICIPALITY	HOSTED IN	DATE
PROVINCIAL MECLOGA POLITICAL	Municipal Manager	Bloemfontein	15/07/2022
		Bloemfontein	09/11/2022
		Bloemfontein	24/01/2023
		Bloemfontein	24/03/2023
		Bloemfontein	20/06/2023
DISTRICT IGR	Municipal Manager	TMDM	15/03/2023

Inter-Governmental Relations engagement were held in 2022/2023

LED Activities

Date	Name of Department	Meetings /Workshop/ Trainings/Session	Hosted where	Responsible person
04 October 2022	SANRAL/TJEKA	Pre-tender training	Council Chamber, Memel	LED OFFICER
04 October 2022	SANRAL/TJEKA	Pre-tender training	Mhlabunzima Memorial Hall	LED OFFICER
05 October 2022	SANRAL/TJEKA	Pre-tender training	Warden Town Hall	LED OFFICER
16 November 2022	SEDA	Handing over ceremony,NHBRC Certificate	Mhlabunzima Memorial Hall	LED OFFICER
16 November 2022	SEDA	Handing over fruit and vege equipments	Mhlabunzima Hall	LED OFFICER
03 November 2022	Lesedi Tsebo	Training of 70 hawkers	Mhlabunzimal Hall	LED OFFICER
11 April 2023	Lesedi Tsebo	Handover vouchers to hawkers	Site hall. Vrede	LED OFFICER
17 May to 15 June 2023	SANRAL/TJEKA	Contractors training at Memel	Council Chamber,Memel	LED OFFICER

19 June to 18 July 2023	SANRAL/TJEKA	Contractors training at Vrede	Side hall,Vrede	LED OFFICER
03 August to 04 Sept 2023	SANRAL/TJEKA	Contractors training at Warden	Warden Public Library	LED OFFICER

C Public Accountability and Community Participation

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

Ward Committees as a governance structure promotes public accountability and strengthens community participation. The Ward Committee System is fully institutionalized and capacitated within the Phumelela Municipality.

Table 17: Ward Committees and Chairperson in 2022/2023

Ward Committee	Chairperson
Ward 1,	Cllr S.O Magubane
Ward 2,	Cllr V.P. Mahlaba
Ward 3,	Cllr M.D Kobeni
Ward 4,	Cllr K.A. Sibeko
Ward 5,	Cllr L.L Molefe
Ward 6,	Cllr T.P Tsotetsi
Ward 7,	Cllr B.A Motsoeneng
Ward 8	Cllr V Thela

Accountability

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law.

Community Participation in the Development of Legal Frameworks and Directives

The table below indicates the dates on which Phumelela Municipality consulted with the community in the development of Municipal directives and documents in 2022/23, as advertised on the municipal website.

Table 18: Website Uploads for Community Review and Comments

WEBSITE UPLOADS FOR COMMUNITY REVIEW AND COMMENTS	
MUNICIPAL DIRECTIVE & ACTION	DATE
Inspection of valuation roll	Website was non functional
Tabling of Draft Annual Report 2022/2023	Website was non functional
Municipal Budget, Integrated Development Plan, Policies, and determination of tariffs for the financial year: 01 July 2022 to 30 June 2023	Website was non functional
IDP open for comment	Website was non functional
Amendments of tariffs	Website was non functional

The municipality website has since not been functional due to budgetary constraints, the municipality relied on office of the premier to update the municipality information with the office of the premier which was not effective. The municipality is currently in the progress to source funding to operate its own website and all mandatory information will be place in the website as per section 75 of the MFMA.

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal.

Equity and Inclusiveness

Society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

Table 19: Ward Committee - Outreach Programs in 2022/2023

DATE	TOPIC	PURPOSE / TARGET
N/A	Smart metre education	<ul style="list-style-type: none"> People and stakeholders were educated by Eskom and the municipality on how smart metre is working to save electricity
N/A	Indigent registration	<ul style="list-style-type: none"> To inform people qualifying for indigent in the municipality
N/A	Housing and Sites registration	<ul style="list-style-type: none"> The process was to assist people who are in need of sites and housing.
M/A	Small Business Registrations	<ul style="list-style-type: none"> Small Businesses were called to get information on how to start a business

N/A	N3TC Database	<ul style="list-style-type: none"> To register all small businesses who want to participate at N3 businesses and to do sub-contracting
N/A	Smart metre education	<ul style="list-style-type: none"> To educate the community with saving electricity for winter season.
N/A	ID Campaign	<ul style="list-style-type: none"> To assist people without ID to register themselves
N/A	Mayoral Cup	<ul style="list-style-type: none"> To keep young people healthy and active in sports, and help curb the scourge of substance abuse among youth .
N/A	Training of Youth in Business	<ul style="list-style-type: none"> To equip youth in business with the requisite skills to run their business and to assist them to apply for funding from NYDA.
N/A	Human rights dialogue	<ul style="list-style-type: none"> The project aims to educate people about their rights, develop the capacity of key institutions to protect human rights, promote public dialogue on human rights
N/A	Coach for life Training	<ul style="list-style-type: none"> To equip youth with general life skills
N/A	NSFAS application	<ul style="list-style-type: none"> To assist grade 12 learners with online applications for NSFAS.

Consensus orientated

Good governance requires mediation of the different interests in society. To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and how this can be achieved.

Table 20: IDP Community Input Meetings in 2022/2023

Date	Time	Venue	Attendance
17 February 2023	13:00	Vrede Council Chamber	15 People
21 February 2023	10:00	Warden Town hall	16 People
	14:00	Warden Town Hall	26 People
22 February 2023	10:00	Ezenzeleni Community Hall	168 People
	14:00	Ezenzeleni Community Hall	78 People
23 February 2023	10:00	Memel Council Chamber	29 People
	14:00	Memel Council Chamber	53 People
	10:00	Zamani Community Hall	107 People

Date	Time	Venue	Attendance
24 February 2023	15:00	Zamani Community Hall	112 People
7 March 2023	10:00	Vrede Council Chamber	20 People
	14:00	Vrede Council Chamber	18 People
8 March 2023	10:00	Mhlabunzima Memorial Hall	152 People
	14:00	Mhlabunzima Memorial Hall	142 People

Transparency

Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.

Table 21: Ward Committee – Community (Feedback) 2022/23

Public Meetings						
Nature and Purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community Members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Report back to the community and give new developments. Agenda 1. IDP Budget	N/A	04	02	67	Not completely addressed	Those pending are still to be addressed
Report back to the community and give new developments. Agenda 1. Department of water and Sanitation	N/A	05	02	258	Yes	
IDP Consultation with Local Stakeholders	N/A	04	04	42	Yes	
Report Back to the community	N/A	05	4	234	Yes	
Report back to the community and give new developments. Agenda 1. Sites 2. High mass Lights 3. ID campaign 4. Indigent Launch	N/A	03	3	283	Yes	
Report back to the community and give new developments. Agenda	N/A	02	4	423	Yes, some of issues	

Public Meetings						
Nature and Purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community Members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
1. Human settlement Meeting						
Report back to the community and give new developments. Agenda 1. Electricity 2. Fuduwa 3. IEC	N/A	02	03	211	Yes	
Agenda 1. IDP Budget Roadshow	N/A	2	3	314	Yes	
Agenda 1. N3TC Warden to Villiers Rehabilitation Project	N/A	08	05	346	Yes	

Rule of Law

Rule of law means that legal frameworks are enforced impartially.

The internal audit unit is responsible to ensure impartial enforcement of legal frameworks within the municipality.

D. Corporate Governance

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

Risk Management

Section 62 of the Municipal Finance Management Act (MFMA), no. 56 of 2003, states that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control as well as the effective, efficient, and economical use of the resources of the municipality.

Risk Management oversees the risk management process in terms of the following as prescribed by NT Public Sector Risk Management Framework:

Of which the risk management responsibilities include:

(a) Assisting management to develop the risk management policy, strategy, and implementation plan.

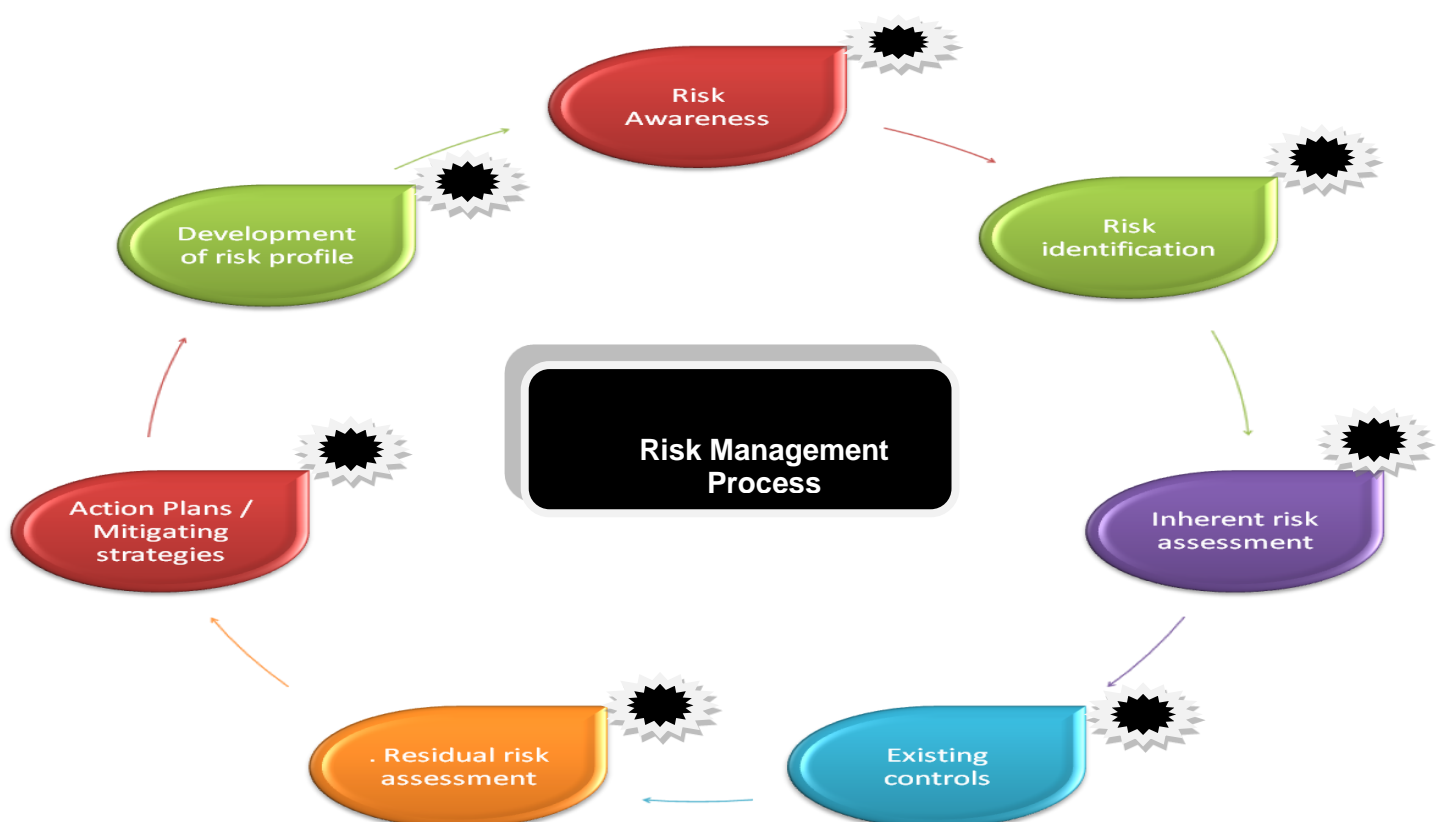
- (b) co-ordinating risk management activities.
- (c) Facilitating identification and assessment of risks.
- (d) Recommending risk responses to Management; and
- (e) Developing and disseminating risk reports.

Local Government Risk Management Framework, chapter 14, section 25(2) (i): The high-level responsibilities of the Chief Risk Officer should include assisting Management with risk identification, assessment and development of response strategies, and monitoring implementation thereof.

Local Government Risk Management Framework, chapter 9, section (20)(3) Risk Monitoring: Monitoring activities should focus on evaluating whether:

- a) assigned responsibilities are being executed effectively;
- b) risk response strategies are producing the desired result of mitigating risks or exploiting opportunities; and
- c) improvements in the system of risk management are producing positive changes in Institutional performance.

Risk Management Process Followed



Approach

Integrated Development Plan (IDP), Public Sector Risk Management Framework and Risk Management Strategy were used as a guide in the planning phase to aid in the identification and assessment of risks for the Municipality measurable objectives as stated in the SDBIP of the Municipality.

Risk Awareness

The Institution's internal environment is the foundation of risk management, providing discipline and structure for Risk Management to function and mature.

A Risk Management presentation was flighted as part of the risk awareness to officials per department before the start of the risk identification to enable them to have an understanding of Risk Management and the process as a whole.

Risk Identification

Risk Management Unit facilitated the risk identification sessions with different departments, with the limited time the teams were able to identify as many as possibly can and were afforded the opportunity to identify some more in their own time before the assessment session. Workshop participants were risk owners and action owners in respect of all risks.

7.3 Risk Assessment

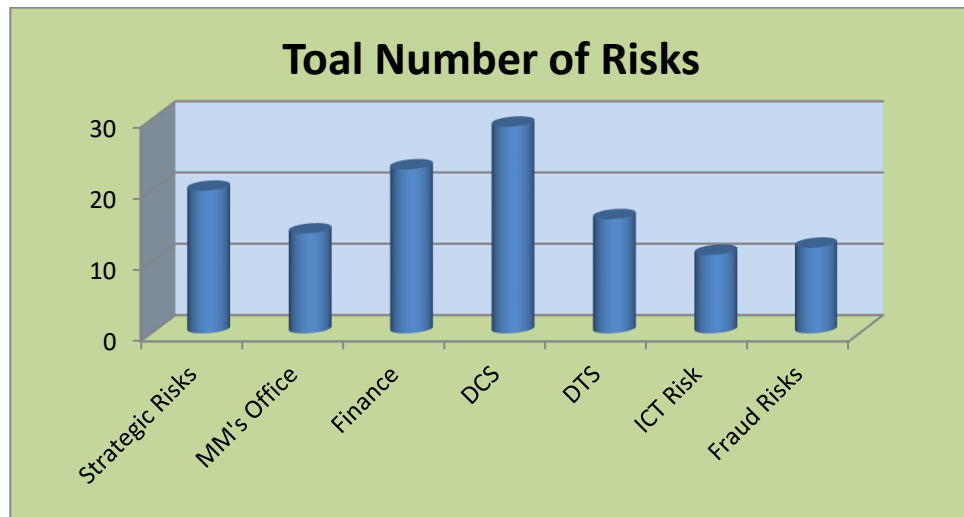
The residual risk rating was done during the second session with the department. Officials identified existing controls aimed at minimizing the inherent risks. In the event where controls are not in place it was indicated as such and thereafter the risks were rated again to get the Residual Risk Magnitude.

Although the Risk management section facilitated the above, management took ownership of risks and the mitigation thereof. Phumelela Municipality is making progress with risk assessment and risk management processes over the last year. Operational risk assessments were performed on a continuous basis during the 2022/23 financial year, by the departments, as quarterly risk reporting on, amongst others, additional risks, deleted risks, changes to risk data, risks that materialised and risks that should be escalated for intervention was implemented. The departments also discussed the risks on a continuous basis at scheduled executive management and departmental meetings.

a) Risk Profile/Analysis

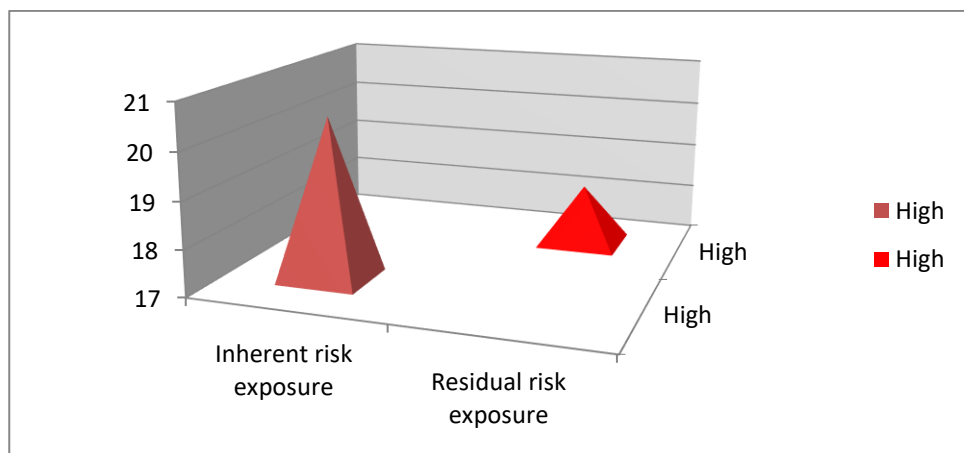
The annual risk assessment reflected the following change in risk profile: Comparison of High-Risk Areas per Department

Total Risks Identified



Operational Risks							
	Strategic Risks	MM's Office	Finance	DCS	DTS	ICT Risk	Fraud Risks
Total Number	20	14	23	29	16	11	12

High Inherent Risks vs. High Residual Risks (Overall Risk Exposure)



b) Top fifteen risks 2022/2023

Top 15 Institutional Risks reviewed and updated through a collaborative process with Management.

The updated list of Top 15 institutional risks emanating from IDP objectives are as follows:

List of all the high residual (red) risks that were identified at strategic level 2022/2023

Risk - Threat to achieving Objectives	Risk Description	Root Cause	Consequences
Financial viability and management	Reliance on grants for sustainability.	1, Lack of plans to source/secure additional income, 2, low economic base, 3, unsustainable municipality	1, Failure to sustain service delivery. 2, non-achievement of council's objectives. 3, Withholding of the equitable share.
	Ineffective implementation of conditional grants	Inability to ensure that all municipal capital projects are properly administered and managed	
	Ineffective procurement processes and/or systems	1, Failure to detect non compliance with the SCM regulations on time. 2, Poor Planning by divisions requiring services.	1, Adverse audit opinion.
	Under Collection of revenue.	1, Inaccurate billing. As a result of Consumers not being adequately billed. 2, Undelivered statement of accounts. 3, Late distribution of accounts 4, Inadequate financial system. (Unreliable) 5, Insufficient collection point. 6, Lack of human capacity (Cashiers close during lunch breaks) 7, Ineffective implementation of credit control policy.	1, Loss of revenue. 2, Negative impact on cash flow. 3, Negative Impact on service delivery 4, Negative impact on the Goodwill of the institution
	Negative Cash Flow.	1, Under billing, 2, Late issuing of accounts, 3, Malfunctioning of meters, 4, Meters not being read, 5, Incorrect billing, 6, Non billing, 7, unregistered indigents 8, Accounts averaged for more than three months.	1, Constrained cash flows, 2, High number of debtors written off or high level of debtors' impairment.
	Late submission of AFS, Budget and reporting.	1, Ineffective financial system. 2, Manual compilations of reports.	1, Negative audit opinion. 2, Non-compliance to applicable prescripts. 3, Unreliable reports
Infrastructure development and basic service delivery	Dilapidated Infrastructure (Water and Sewer networks)/Deterioration of roads and storm water.	1, Unwarranted traffic volume and traffic type. 2, Lack of upgrading. 3, Degrading of storm-water channels. Unwarranted use of storm-water channels.	1, Un-maintainable potholes resulting damage to vehicles then litigation 2, Litigation and damage to property.

Risk - Threat to achieving Objectives	Risk Description	Root Cause	Consequences
		4, Lack of maintenance plans	1, Negative audit outcome. 2, Litigations. 3, Lack of service provision which may lead to political unrest. 4, Compromised overall health consumers.
	Compromised/Poor quality of water	To ensure that final drinking water complies with blue-drop requirements.	
	Non-compliance with GDS requirements	Final Effluent doesn't conform with GDS	
	Lack of proper landfill site infrastructure	Inability to Implement the integrated solid waste management plan. (ISWMP)	
Institutional development and transformation	Excessive overtime payment/bill	1, Inability to provide sufficient and skilled human capital in order to enable all departments to function optimally in order to enhance service delivery and institutional capacity. 2, Lack of control and monitoring of overtime. 3, Aging Infrastructure.	1, Increase salary bill - Negative cash flow. 2, Unauthorised expenditure
Local Economic development	Outdated LED Strategy - Non attraction of investment opportunities	1, Geographical placement of PLM. 2, Non appealing entrances to town 3, Predominant poor society within PLM 4, Infrastructure decay, and 5, Degeneration of Business	1, Non-compliance with Local Economic Strategic agenda/Non-compliance with the act. 2, Stagnant Phumelela economy. 2, Increase in unemployment within PLM.
Good governance and public participation.	Non-alignment of the IDP, budget and SDBIP.	Inadequate budgeting and revenue collection.	1, Qualification with regards to audited performance information. 2, Inability to achieve IDP objectives. 3, Negative impact on service delivery. 4, Noncompliance to the MSA
	Inadequate implementation of the process plan (Structure, Policy, Process, etc.)	Absence of adequate municipal planning and Budget processes in line with legislative requirements.	1, Outdated Municipal Structure. 2, Dire control environment - management intervention.
	Lack of ICT Master Plan.	1, Budgetary Constraints. 2, Lack of adequate capacity.	1, Security vulnerability. 2, Technology becomes outdated. 3, Insufficient internal maintenance. 4, Misleading IT Budget. 5, Missed automation opportunities.

The following are identified *emerging risks* of the Municipality for the 2022/2023 financial year.

Risk – Threat to achieving objective	Risk Description	Root Course	Consequences
Institutional development	Desperate HR Systems resulting in excessive disparities	1, Employees not placed at the correct level - Incorrect salary scales. 2, Incomplete Job evaluation process.	1, Increase salary bill - Negative cash flow. 2, Unauthorised expenditure,

and transformation	the impede development.		
	Institutional Memory	1, Loosing key personnel in key positions, i.e. through resignation and/or end of contract. 2, Change Management.	Business Interruptions
Good governance and public participation.	Non-alignment of the IDP, budget and SDBIP and new staff regulations.	Inadequate budgeting and revenue collection.	1, Qualification with regards to audited performance information. 2, Inability to achieve IDP objectives. 3, Negative impact on service delivery. 4, Noncompliance to the MSA
	IDP objectives don't change.	Lack of capacity form the public.	

2.5 Anti-Corruption and anti-fraud

"Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury."

Phumelela Local Municipality has a **ZERO TOLERANCE** to Fraud and Corruption and thus has the intent to promote consistent organizational behaviour by providing guidelines and assigning responsibilities for the development of controls and conduction of investigations relating to fraud and corruption. The fraud prevention strategy and policy are such documents designed to align Phumelela Local Municipality to the national priority of combating fraud and corruption. Anti-Corruption and Fraud

Section 62 (1) (c) (i) of the Municipal Finance Management Act (MFMA), no. 56 of 2003, states that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control as well as the effective, efficient, and economical use of the resources of the municipality. Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism, and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud. In terms of fraud preventative arrangements, Phumelela Municipality has instituted:

- The promotion of an ethical culture
- Provision of training to employees
- Adoption of a policy on fraud and anti-Corruption
- Provision of physical security for municipal buildings and
- Procedures of employee vetting - executed before employees are appointed

a) Developed Strategies

Table 24: Strategies: Anti-corruption and Anti-fraud

Name of Strategy	Developed Yes/No	Adopted/Reviewed
Anti-Fraud and Anti-Corruption Policy	Yes	Yes
Anti-Fraud and Anti-Corruption Strategy	Yes	Yes

The structural strategies according to the Anti-Fraud and Anti-Corruption Strategy and implementation plan include the establishment of an Anti-Fraud and Anti-Corruption Committee that will oversee the approach of the Municipality approach to fraud prevention, fraud

detection strategies and response to fraud and corruption incidents reported by employees or other external parties. The Section 79 Finance Committee

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal.

MPAC Committee

Phumelela Local Municipality has established its own Municipal Public Accounts Committee (MPAC), as recommended by the MSA 1998 section 79 (1)(a) and (b) with sub-section (2) detailing the framework and guidelines within which the committee of council shall operate.

The MPAC, consisting of Seven (7) members appointed to strengthen and provide oversight within the municipality, in terms of the provision of S79 of the Local Government Municipal Structures Act 117 of 1998. MPAC is a committee of Council, and its meeting schedule is therefore developed and managed in such manner.

1. Cllr KA Sibeko (Chairperson)
2. Cllr JN Kemp
3. Cllr NJ Mokoena
4. Cllr P Mahlaba
5. Cllr L. Molefe
6. Cllr T Radebe, and
7. Cllr S. Magubane

The MPAC Committee primary responsibility is to exercise oversight as delegated by council, promote transparency, public accountability and ensure good governance in the Municipality in terms of section 53 and 59 of the Local Government: Municipal Systems Act, 32 2000.

Equity and Inclusiveness

Society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

Phumelela Municipality has a fully functional Supply Chain Unit. The Phumelela Supplier Database has been updated in terms of supplier information in 2022/2023, as to minimize the risk of supplier duplication.

Transparency

Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.

Municipal Website

The municipality website has since not been functional due to budgetary constraints, the municipality relied on office of the premier to update the municipality information with the office of the premier which was not effective. The municipality is currently in the progress to source funding to operate its own website and all mandatory information will be place in the website as per section 75 of the MFMA.

Rule of Law

Rule of law means that legal frameworks are enforced impartially.

The impartial enforcement of legal frameworks is ensured by Phumelela Municipality through the adoption and application of municipal policies and bylaws, of which the following have been adopted in 2022/23:

Table 25: Policies and Bylaws Adopted

POLICY	COUNCIL RESOLUTION
<ul style="list-style-type: none"> Phumelela Municipality Fraud Prevention Police Phumelela Municipality Risk Management Policy Attendance and Punctuality Policy Bursary Scheme for community members policy Communication and strategy policy Incapacity policy Internal Bursary Policy Leave policy Occupational Health and Safety Policy Recruitment and placement policy Training and Development policy Subsistence and travelling policy HR Policy and procedure manual 	<p>08/11/2022</p> <p>08/11/2022</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p>
BY-LAWS ADOPTED	COUNCIL RESOLUTION
<ul style="list-style-type: none"> Standard Commonage Standard Delegation of powers Encroachment policy Fire and Emergency services Ward committee Waste Management Water Restriction By-law on Promulgation of Water Services intermediary and provision of water and sanitation services to residents on privately owned land Street Trading Impounding of Cattle 	<p>28/01/2022</p> <p>30/0/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>28/01/2022</p> <p>28/01/2022</p>

COMMENT ON BY-LAWS:

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

Number of consultative meetings and roadshows were conducted to both the communities and sector meetings. The intention was to invite inputs on the new bylaw and to introduce a new practise in terms of land application. The bylaw was adopted with the tariff structure and clearly defined delegations of powers. In order for the municipality to ensure fully compliance the following issues needs to be addressed:

Appointment of the Town Planner

Appointment of the Municipal Planning tribunal

Subsequent to the appointment of the above-mentioned role-players. The municipality will then decide on the enforcement.

Participation

Participation can be direct and/or through legitimate intermediate institution or representative

CHAPTER 3

ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: MUNICIPAL WORKFORCE

Number of Employees

The following reflects the number of staff per category for the last three financial years:

Table 26: Staff per category should be the same as the one on top

Category	No of Employees (2020/21)	No of Employees (2021/22)	No of Employees (2022/23)
Legislators, senior officials, and managers	32 n	32	31
Clerks	51 n	52	49
Technicians and associate professionals	5	5	5
Craft and related trade workers	0	0	0
Elementary occupations	204	204	192
Total:	292	293	277

Table 27: Staff Category per Directorate

Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and related Trade Workers	Elementary Occupations
Legislators	26	15	11	0	0	0
Technical Services	142	0	1	4	0	137
Finance	31	6	25	0	0	0
Corporate Services	67	3	9	0	0	55
Municipal Manager Office	10	6	3	1	0	0
Total: 2020/2021	292	32	51	5	0	204
Total: 2021/2022	293	32	52	5	0	204
Total: 2022/2023	277	31	49	5	0	172

Personnel Services

Personnel Services form an integral part of the Corporate Services departments and Phumelela Municipality's service delivery success. Professionalism and operational efficiency are of utmost importance, especially on the management of the department and how it functions. The department is responsible for the key areas discussed below.

Recruitment and Selection

1. Mr. SA Masoeu – PMU Technician
2. Ms. IM Mathaba - Water process controller
3. 8 Political appointments.

Employee Wellness

Phumelela Municipality has a Human resources section that drives the Employee Wellness Program attending to employees' social, mental, and physical health needs.

Some of the interventions by the department include:

- Free medical tests by medical fund institutions.
- Debt counseling, garnishee orders and financial planning sessions; and
- Promotional Health Talk on Circumcision.

Vacancy Rate

The vacancy rate increased from 24.68% to 26.95% in the 2022/23 financial year.

Table 30 Vacancies per Job Category 2022/23

Directorate	Total	Legislators' senior officials' managers	Clerks	Technicians associate professionals	Craft ad related trade workers	Elementary occupations
Technical Services	66	0	1	9	0	56
Chief Financial Officer	9	6	3	0	0	0
Corporate Services	19	1	2	13	0	3
Municipal Manager's	4	3	1	0	0	0
Total:2022/2023	98	10	7	22	0	59
Total:2021/2022	98	10	7	22	0	59
Total:2020/2021	90	8	7	22	0	53

Employment Equity

The municipality's Employment Equity Policy is designed to:

- Promote equal opportunities and fair treatment to all in the workplace by eliminating unfair discrimination; and
- Implement affirmative action measures to redress the disadvantages in employment experienced by members from designated groups in the past.

The Employment Equity Plan lapsed September 2021, and the Employment Equity Report submitted December 2022

Table 31: Total Employment Equity Statistics per Directorate

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	0	1	0	0	0	0	0	3
Senior management	5	0	0	0	1	0	0	0	0	0	6
Professionally qualified and experienced specialists and mid-management	1	0	0	0	1	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	15	0	0	0	18	0	0	0	0	0	33
Semi-skilled and discretionary decision making	51	0	0	1	22	0	0	0	0	0	74
Unskilled and defined decision making	120	0	0	0	38	0	0	1	0	0	159
TOTAL PERMANENT	194	0	0	1	81	0	0	1	0	0	277
Temporary employees	5	0	0	0	6	0	0	0	0	0	11
GRAND TOTAL	199	0	0	1	87	0	0	1	0	0	288

Human Resources Policies

The following Human Resources policies have been implemented by the Phumelela Municipality:

POLICIES

POLICY	COUNCIL RESOLUTION
<ul style="list-style-type: none"> Phumelela Municipality Fraud Prevention Police Phumelela Municipality Risk Management Policy Attendance and Punctuality Policy Bursary Scheme for community members policy Communication and strategy policy Incapacity policy Internal Bursary Policy Leave policy Occupational Health and Safety Policy Recruitment and placement policy Training and Development policy Subsistence and travelling policy HR Policy and procedure manual 	<p>08/11/2022</p> <p>08/11/2022</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p> <p>30/05/2017</p>
BY-LAWS ADOPTED	COUNCIL RESOLUTION
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Promotions

The information below in compares the number of employees that have been promoted during the past three financial years:

Employees at the Phumelela Municipality are not promoted automatically. All internal employees must apply for posts as advertised.

Pension Funds

The Phumelela Municipality makes use of the following Pension and/or Retirement Funds:

- SALA Pension Fund
- Free State Pension Fund / Provident Fund
- SAMWU Provident Fund
- Municipal Employees Pension Fund

Medical Aid Schemes

Employees are able to choose from the following Medical Aid Funds:

- BONITAS
- HOSMED
- Key Health
- LA Health
- SAMWUMED

Labour Relations

This department has the function of managing labour relations matters and dealing with occupational health and safety in the municipality.

Table 32: Labour Relations issues recorded/investigated during 2022/2023

Labour Relations issue	Number of Cases: 2020/2021	Number of Cases	Number of Cases
		2021/2022	2022/2023
Misconduct	0	0	9
Dismissals	0	0	0
Suspensions	0	0	6
Total Cases	0	0	15

Occupational Health and Safety

The department is also responsible to ensure that operations and activities within the municipality comply with the provisions of the Occupational Health and Safety Act, 1993 as well as the different Regulations promulgated in terms of the said Act. Incident/accident investigations are conducted promptly in order to determine in respect of which activities work instructions and safe work procedures should be developed and implemented, to prevent the reoccurrence of incidents in the workplace. Furthermore, Health and Safety Committee Meetings are arranged on a monthly basis to address all health and safety issues raised at such meetings

Table 33: Incidents/accidents recorded and/or investigated during 2022/2023

Directorate	Personal injury	Disease	Death
Technical Services	2	0	0
Chief Financial Officer	0	0	0
Corporate Services	0	0	0
Municipal Manager's Office	0	0	0
Total 2020/21	0	0	0
Total 2021/22	0	0	0
Total 2022/23	2	0	0

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 57 Performance Evaluation

The performance evaluation for Section 57 managers forms the basis for evaluating performance in relation to set targets as outlined in the signed performance agreements of executive managers. Performance evaluation takes place on a quarterly basis and reported to the Mayor.

Improved Performance Management

In 2022/23 the municipality adopted a performance framework within the organisation, to date only officials appointed in terms of section 56 and section 57 are measured for performance against signed performance agreement. Implementation and monitoring thereof will be a targeted and continued focus in 2022/23

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Skills Development

Skills Development

As prescribed by legislation, the combined Workplace Skills Plan (WSP) was compiled in April 2022 and approved on 30 May 2022.

For the year under review (2022/23) Phumelela Municipality has trainee 29 employees.

Table 34: Training per Job Category:

Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and Related Trade Workers	Elementary Occupations	Professional
Technical Services	3	0	1	2	0	0	0
Finance Services	12	0	12	0	0	0	0
Corporate Services	8	2	5	1	0	0	0
MM Office	1	0	1	0	0	0	0
Office of the Mayor	5	2	3	0	0	0	0
Total: 2022/2023	29	4	22	3	0	0	0
Total: 2021/2022	20	0	19	0	0	0	0
Total: 2020/2021	61	22	37	2	0	0	0

Skills Development Budget

The information below indicates the quantum of municipal budget allocated to skills development and the percentage spent

Table 35 Skills Development Budget against Expenditure

Financial Year	Budget	Expenditure	Percentage Expenditure
2020/2021	R500 000	R273 649	55%
2021/2022	R250 000	R75 140	30%
2022/2023	R250 000	R488 078	195.20%

MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, chief financial officer, non-financial managers, and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493, dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, in collaboration with various stakeholders and role players in the local government sphere, developed an outcome based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

A total of 28 employees were identified to obtain the abovementioned qualification and prescribed competencies and 3 officials are not yet competent.

Table 36 below provides details of the financial competency development progress as required by the notice:

Financial Competency Development: Progress Report				
Description	Total number of officials employed i.t.o. Regulation	Competency assessments completed i.t.o. Regulation	Total number of officials whose performance agreements comply with Regulation 16	
	14(4)(a) and (c)	14(4)(b) and (d)	Regulation 14(4)(f)	Total number of officials that meet prescribed competency levels i.t.o. Regulation 14(4)(e)
Financial Officials				
Accounting Officer	1	Competent	1	0
Chief Financial Officer	1	Competent	1	1
Acting Director Corporate	1	Not Yet Competent	1	0
Director Technical Services	1	Competent	1	0
Senior Managers	1	Competent		0
Any other financial officials	4	Competent In progress		2 2
Supply Chain Management Officials				
Supply Chain Management Senior Managers	1 1	Competent		1
Demand Officer	1	Not Yet Competent		0
TOTAL	3			1

Induction

SALGA is in a process of developing a uniform Induction framework as such newly appointed employees are only informed on the benefits and given an employment contract that entails working conditions.

Learnership

A total of 3(unemployed) learners were recorded to have received training through work integrated learning (WIL) in 2022/23 financial year.

The municipality granted 18 internal bursaries in the 2022/23 financial year.

Table 37: Bursaries per Directorate

Directorate	Number of		
	Beneficiaries	Number of Beneficiaries	Number of Beneficiaries
	2020/2021	2021/2022	2022/2023
Technical Services	1	1	1
Chief Financial Officer	3	3	6
Corporate Services	5	5	5
Municipal Manager's Office	0	0	1
Mayoral Office	1	1	5
Total	10	10	18

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Personnel Expenditure

Table 38: Trends of Personnel Expenditure compared to Operating Expenditure:

Financial Year	Salaries R'000	Expenditure R'000	Percentage
2022/23	R95 898	R 278 472	34%
2021/22	R87 822	R264 629	33%
2020/21	R84 280	R265 695	32%

CHAPTER 4

AUDITED ANNUAL PERFORMANCE INFORMATION REPORT

2022/2023

“Compiled in compliance with the requirements of Section 46(1) of the Municipal Systems Act, Act 32 of 2000 as amended”

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
1	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Sanitation	Memel/Zamani Construction of sewer reticulation and house connection for 118 houses, toilets structure and outfall sewer in Zamani	Zamani Memel	Number	Number of Constructed sewer reticulation and house connection for 118 houses, toilets structure and outfall sewer in Zamani by 30 June 2023	Overlapped Contractor on site	Construct ed sewer reticulation and house connection for 118 houses, toilets structure and outfall sewer in Zamani by 30 June 2023	0 Constructed sewer reticulation and house connection for 118 houses, toilets structure and outfall sewer in Zamani by 30 June 2023	Contract terminated. The project was at 70% at end of 2022/2023 FY	The contractor could not show due diligence on their work despite several warning. The municipality was left with no option but to terminate the contract.	The new service provider was appointed. There is a good work in progress on the site. The project was allowed to overlapped into the 2023/2024 FY. This project is also included in the 2023/2024 SDBIP.	R1 514 357	R1 514 358	R848 782.08	TS1
2	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Roads	Construction of 1.0km Paved Road and Storm Water in Zamani Memel	Zamani Memel	Kilometers	Number of KM roads and storm Water constructed in Memel/Zamani by 30 June 2023	Overlapped. The contractor will be appointed during the 4th Quarter of 2022/2023 FY	Construct ion of 1.0km of paved road and storm water by 30 June 2023 WIP- In progress	0km Construction of paved road and storm water by 30 June 2023	The project was at 95% at end of 2022/2023 FY	Project could not be completed due to community unrest stopping the project and awaiting Accounting officer and Mayor to write a letter to Contractor to finish the outstanding snack list.	The project was allowed to overlapped into the 2023/2024 FY, This project is also included in the 2023/2024 SDBIP.	R3 463 366		R139 739,10	TS2

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
3	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Roads	Construction of 1.0km Paved Road and Storm Water in Vrede/ Thembalihle	Thembalihle / Vrede	Kilometres	Number of KM roads and storm water constructed in Thembalihle/Vrede 30 June 2023	Overlapped Designs and Advertisement	1.0km of paved road and storm water by 30 June 2023	0km Construction of paved road and storm water by 30 June 2023	Under construction. The project was at 45% at end of 2022/2023 FY	Contractor has been granted extension of time due to delays on SMME's, unrest to stop contractor from not working.	The project was allowed to overlapped into the 2023/2024 FY, This project is also included in the 2023/2024 SDBIP.	R9 699 886	R9 699 886	R4 965 177,22	TS3
4	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Roads	Construction of 1.0km Paved Road and Storm Water in Warden/Ezenzeleni	Warden/ Ezenzeleni	Kilometers	Number of KM roads and storm water constructed in Warden/ Ezenzeleni	Overlapped Designs and Advertisement	1.0km of paved road and storm water by 30 June 2023	0km Construction of paved road and storm water by 30 June 2023	Under construction. The project was at 70% at end of 2022/2023 FY	Contractor has been granted extension of time due to additional works, Delay on training SMME's due to lack of skill to paved road and underground	Contractor submitted recovery Plan and extension of time due to the rainfall. The project was allowed to overlapped into the 2023/2024 FY, this project is also included in the 2023/2024 SDBIP.	R6 607 047	R660 7047	R6 656 182.46	TS4
5	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Sanitation	Refurbishment of Outfall Sewer in Thembelihle/Vrede	Thembelihle /Vrede	Number	Number of Outfall Sewer refurbished by 30 June 2023	Overlapped Project has an additional scope supported by council resolutions To complete the additional work by end of Third quarter	1 Outfall Sewer Refurbished in Thembelihle Vrede by 30 June 2023	1 Outfall Sewer Refurbished in Thembelihle Vrede by 30 June 2023	Completed (on retention)	N/A	N/A	N/A	N/A	N/A	TS5

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
6	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Sanitation	Upgrading of Waste Water Treatment Plant in Warden/Ezenzeleleni	Warden/Ezenzeleleni	Numbers	Number of sewer line revamped in Warden/Ezenzeleleni by 30 June 2023	Overlapped Due to encountered claim extension of time The project was planned for two outer years due to the magnitude of work involved as per specifications and Business Plan	1 WWTP(Water waste treatment plant) Revamped in Warden/Ezenzeleleni by 30 June 2023	0 WWTP(Water waste treatment plant) Revamped in Warden/Ezenzeleleni by 30 June 2023	The transformer needs to be upgraded from 100kva to 200kva in the screener pump station N3 in order to pump sewer upstream (to WWTW). This will include testing and commissioning of the mechanical, electrical as well as the WWTW	The contractor is not on site to complete the outstanding work	Arrangements to get the subcontractors who will be paid through session arrangements to be finish up the outstanding mechanical and electrical components including installation of transformer The project overlapped in to the 2023/24 FY and it is included in the SDBIP for 2023/24 FY	N/A	N/A	R3 302 047	TS6
7	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Sanitation	Upgrading of outfall sewer in ext4 in Verde/Thembalihle	Thembalihle /Vrede	Number	Number of Outfall Sewer refurbished by 30 June 2023	Overlapped Design Stage	1 Upgrading of outfall sewer in ext4 in Vrede/Thembalihle 30 June 2023	0 Upgrading of outfall sewer in ext4 in Vrede/Thembalihle 30 June 2023	Under construction. The project was at 61% at end of 2022/2023 FY	Extension of time granted and penalties	The project was allowed to overlapped into the 2023/2024 FY, this project is also included in the 2023/2024 SDBIP.	R5 716 140	R5 716 140	R2 149 647,23	TS7
8	Provide access to quality services in line	Basic Services and Infrastructure Development	Sanitation	Upgrading of the warden sewerage system	Warden/Ezenzeleleni	Numbers	Number of Sewer System in Warden Phase 1	Overlapped Design Stage	1 Upgrading of the warden sewerage	0 Upgrading of the warden sewerage	Under construction. The project was at 59% at	This is a multiyear project and it is included in the	The project was allowed to overlapped into the	R9 611 860	R9 611 860	R7 868 281,14	TS8

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
	with council mandate								e system by 30 June 2023	system by 30 June 2023	end of 2022/2023 FY	SDBIP and going to be implemented in the three consecutive years	2023/2024 FY, this project is also included in the 2023/2024 SDBIP.				
9	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Sports	Upgrading of sports facility Phase 5 in warden/Ezenzeleleni	Thembehle /Vrede	Number	Number of Sports Facilities upgraded in Warden/Ezenzele ni by 30 June 2023	Phase 4 Contractor on site	1 Sports facilities upgraded in Warden/Ezenzele ni by 30 June 2023	1 Sports facilities upgraded in warden/Ezenzele ni by 30 June 2023	N/A	N/A	N/A	R1 058 392	R1 058 392	R962 837,82	TS9
10	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Electricity	Electrification of 176 sites in Memel/Zamani	Memel/Zamani (Ward 1)	Number	Number of sites/Households Electrified in Memel/ Zamani by 30 June 2023	Overlapped	176 Sites Electrified in Memel/Zamani by 30 June 2023	0 Sites Electrified in Memel/Zamani by 30 June 2023	The project was at 95% at the end of 2022/23 FY) .The electricity is not supplied to the household as yet because we are still waiting for the voltage regulator	The project was delayed due to the unavailability of Voltage Regulator abroad and in South Africa.	Communication to solicit the VR was concluded in May 2022 and Contractor is currently on site to complete the Project The project overlapped in to the 2023/24 FY and it is included in the SDBIP for 2023/24 FY	N/A	N/A	N/A	TS10
11	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Water	Billed household for Basic Water Services	Institutional	Number	Number of Household billed for Basic Water Services by June 2023	74 776 Households billed for Basic Water Services by June 2022	6 766 Household per month x 12 months billed for Basic Water Services by June 2023	74 776 Households billed for Basic Water Services by June 2023	81 192 households were supposed to be billed	Informal areas were not formalized as anticipated	To fast track, the process of formalising the informal areas.	OPEX	OPEX	OPEX	TS11

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
12	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Refuse Removal	Billed household for Basic Refuse Removal Services	Institutional	Number	Number of Household billed for Refuse Removal Services by June 2023	101 555 Households billed for Refuse Removal Services by June 2022	8 877 Household per month x 12 months billed for Refuse Removal Services by June 2023	101 555 Households billed for Refuse Removal Services by June 2023	106 524 households were supposed to be billed	Informal areas were not formalized as anticipated	To fast track, the process of formalising the informal areas.	OPEX	OPEX	OPEX	TS12
13	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Sanitation	Billed household for Basic Sanitation Services	Institutional	Number	Number of Household billed for Sanitation by June 2023	91 239 Households billed for Sanitation by June 2022	8 000 Household per month x 12 months billed for Sanitation Services by June 2023	8 000 Household per month x 12 months billed for Sanitation Services by June 2023	96 000 households were supposed to be billed	Informal areas were not formalized as anticipated	To fast track, the process of formalising the informal areas.	OPEX	OPEX	OPEX	TS 13
14	Provide access to quality services in line with council mandate	Basic Services and Infrastructure Development	Electricity	Households provided with Electricity Services in Warden	Institutional	Number	Number of Household provided with Electricity by June 2023	2 516 Households provided with Electricity by June 2022	3 460 Household per month x 12 months	3 049 Households per month x 12 provided Electricity by June 2023	411 Households per month x 12	Inconsistency in terms of buying the electricity by the consumers	Investigate the inconsistency matter.	OPEX	OPEX	OPEX	TS 14
15	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Human Resource Management-Strategic Plan	Develop and approved HR Strategic Plan	Institutional	Number	Number of HR strategic Plan developed and approved by council by 30 June 2023	0	1 HR Strategic Plan Developed and Approved by Council by 30 June 2023	Not Achieved	In consultation with SALGA for assistance	Due to internal capacity constraints the Strategy could not be developed	To be developed in 2023/24 financial year with the assistance of SALGA Free State	OPEX	OPEX	OPEX	COR 1
16	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Human Resource Policies	Review and approve of HR Policies	Institutional	Number	Number of HR policies Reviewed and Approved by 30 June 2023	12	HR Policies Reviewed and Approved by 30 June 2023	Not achieved	The document to be taken to council for Resolution	Draft policies been developed and to be approved by Council.	Policies are available for consultation with all stakeholders	OPEX	OPEX	OPEX	COR 2

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
17	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Human Resource Management-Staff Establishment	Review organogram to be in line with the IDP & submit to Council for approval	Institutional	Number	Number organogram reviewed in line with the IDP & submitted to Council for approval by 30 June 2023	Approved Organizational Structure	1 Organogram Reviewed in line with the IDP and approved by council by 30 June 2023	Not Achieved				OPEX	OPEX	OPEX	COR 3
18	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Human Resource Development-Training	Development of (WSP) and Annual Training Report (ATR)	Institutional	Number	Number of Work Skills Plan (WSP) & Annual Training Report (ATR) Developed and submitted to LGSETA by 30 April 2023	1 WSP and ATR Submitted	1 WSP and ATR Developed and submitted to LGSETA by 31 May 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	COR 4
19	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Human Resource Job Evaluations	Facilitation and performing Job evaluations for Phumelela Municipality	Institutional	Date	Employees Job Evaluations conducted by 30 June 2023	0	Employees Job Evaluations conducted by 30 June 2023	Not achieved	Employees Job Evaluations not yet been conducted	The municipality is currently reviewing the Organizational structure	Job evaluation be conducted in 2023/24 financial year in line with new staff regulations	OPEX	OPEX	OPEX	COR 5
20	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Human Resource-Job Descriptions	Signing of Job Descriptions by all employees	Institutional	Number	Number of Job Descriptions developed and signed by all employees	50	100% Job Descriptions Updated and Signed by 30 June 2023	Not Achieved	Job Descriptions are updated but yet not signed	Waiting for the revised Staff Establishment in line with MSR to be adopted by council	All Job description to be updated and signed by end of 2023/2024 FY.	OPEX	OPEX	OPEX	COR 6
21	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Human Resource Management - Employment Equity	Prepare and submit Employment Equity Report to dept. of labour	Institutional	Number	Number of Employment Equity Report Prepared and submitted to dept. of labour by 30 June 2023	2021/2022 Employment Equity Report	1 Employment Equity Report prepared and	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	COR 7

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
									submitted to dept. of labour by January 2023								
22	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Legal Services Litigations	Litigations	Institutional	Percentage	% of litigation cases attended (# of cases attended /# of cases received) by 30 June 2023	2021/2022 Litigation Register	100% of litigation cases attended (# of cases attended /# of cases received) by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	COR 8
23	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	LLF Meetings	Local Labour Forum Meetings	Institutional	Number	Number of LLF meetings held by 30 June 2023	12 LLF meetings	12 LLF meetings held by 30 June 2023	Not Achieved	7	Non availability of other LLF Members	Develop a schedule of meetings and adhere to it	OPEX	OPEX	OPEX	COR 9
24	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Human Resource Management -OHS	OHS Inspections	Institutional	Number	Number of OHS Inspections conducted by 30 June 2023	0 OHS Inspections	4 OHS Inspections conducted by 30 June 2023	Not Achieved	OHS inspection not been conducted	The municipality does not have an incumbent assigned to conduct the inspection Non-existence of the committee	The council have prioritise an appointment of OHS officer To establish the OHS committee	OPEX	OPEX	OPEX	COR 10
25	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Disaster Management	Review of Disaster Management Plan	Institutional	Number	Number of Disaster Management Plans Developed and submitted to Council for approval by 30 June 2023	0	1 Disaster Management Plan Developed and Approved by 30	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	COR 11

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
									June 2023								
26	Improve institutional transformation and resources management	Municipal Transformation and Institutional Development	Information Technology	Development of ICT master Plan	Institutional	Number	Number of Develop the ICT master plan by 30 June 2023	0	1 ICT Master Plan Developed by 30 June 2023	Not achieved	ICT master plan not yet developed by the municipality	The Municipality was unable to develop the plan due to financial constraints	The Municipality is in consultation with TMDM to assist in developing the plan	OPEX	OPEX	OPEX	COR 12
27	Enhance economic development and growth	Local Economic Development	Local Economic Development	Develop, Approve and implementation LED Strategy	Institutional	Number	Number of LED strategy developed approved and implemented by council by 30 June 2023	0	1 LED strategy developed, approved and implemented by 30 June 2023	Not Achieved	LED strategy developed is still in Draft Stage	LED Strategy is on draft stage yet to be finalized and approved by council. Consultations with all affected stakeholders are still outstanding	To ensure that consultations with all affected stakeholders is conducted, after this process the strategy will be awaiting for council approval.	OPEX	OPEX	OPEX	MM 1
28	Enhance economic development and growth	Local Economic Development	Local Economic Development	Project support and streamlining of opportunities to SMMEs	All Wards	Number	Number of socio-economic development opportunities identified and facilitated streamlining to SMMEs by 30 June 2023	0	4 socio-economic development opportunities identified and facilitated streamlining to SMMEs by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 2
29	To promote good governance and public participation	Good Governance & Public Participation	Risk Management	Development and approval of Risk Management Policies and strategy	Institutional	Number	Number of Risk Management policies developed and approved by council by 30 June 2023	1 Risk Management Policy Approved	1 Risk Management policy developed and approved by council by 30	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 3

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
									June 2023								
30	To promote good governance and public participation	Good Governance & Public Participation	Risk Management	Conduct Risk Assessments	Institutional	Number	Number of Risk Assessments Conducted by 30 June 2023	1 Risk Assessment Conducted	1 Strategic Risk Assessment Conducted by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 4
31	To promote good governance and public participation	Good Governance & Public Participation	Risk Management	Coordinate Risk Management Committee meetings	Institutional	Number	Number of Risk Management Meetings held by 30 June 2023	4 Meetings Conducted	4 RMC Meetings held by 30 June 2023	Not Achieved	Only 02 Meetings were held in the financial year under review.	Due to non-availability of the Independent RMC Chairperson due to other Commitments.	Appointment of the New RMC Chairperson	OPEX	OPEX	OPEX	MM 5
32	To promote good governance and public participation	Good Governance & Public Participation	Risk Management	Compile and submit Risk Management Reports	Institutional	Number	Number of Risk Management Reports issued by 30 June 2023	4 Reports Issued	4 Risk Management Reports issued by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 6
33	To promote good governance and public participation	Good Governance & Public Participation	Risk Management	Develop and Approved Fraud prevention policy and Plan	Institutional	Number	Number of Fraud Prevention policy developed and approved by council by 30 June 2023	1 Fraud Prevention Policy Approved	1 Fraud Prevention Policy approved by council by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 7
34	To promote good governance and public participation	Good Governance & Public Participation	Internal Audit	Develop and approved Three year Rolling Plan and one year programme	Institutional	Number	Number of Internal Audit Plan developed and approved by Audit Committee by 30 June 2023	1 I/A Plan Approved	1 Internal Audit Plan Developed and approved by Audit Committee by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 8

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
35	To promote good governance and public participation	Good Governance & Public Participation	Internal Audit	Coordinate Audit Committee meetings	Institutional	Number	Number of Audit Committee meetings held by 30 June 2023	4 Meetings held	4 AC Meetings held by 30 June 2023	Not Achieved	Only 02 Meetings (1 Special and 2 ordinary meetings) were held in the financial year under review.	Due to non-availability of the AC members due to other Commitments.	Shared service term with the district AC had lapsed. We in the process of appointing an Independent Audit Committee.	OPEX	OPEX	OPEX	MM 9
36	To promote good governance and public participation	Good Governance & Public Participation	Internal Audit	Develop and Approved Audit Committee Charter	Institutional	Number	Number of AC Audit Committee Charter developed and approved by 30 June 2023	1 AC Charter Approved	1 AC Charter Developed and approved by Council by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 10
37	To promote good governance and public participation	Good Governance & Public Participation	Internal Audit	Compile and submit Internal Audit Reports on implementation of Internal Audit Plan	Institutional	Number	Number of Reports on implementation of IA Plan issued by 30 June 2023	4 Reports Issued	4 Reports on Implementation of IA Plan issued by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 11
38	To promote good governance and public participation	Public Participation and Good Governance	Internal Audit	Conduct follow up on Internal Audit findings and Issue reports on implementation of the IA Findings by Management	Institutional	Number	Number of Reports issued on implementation of internal Audit findings by management by 30 June 2023	1 Report Issued	1 Follow up report on IA findings implementation by management by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 12

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
39	To promote good governance and public participation	Public Participation and Good Governance	External Audit	Conduct follow up on Auditor General findings and Issue reports on implementation of the AG Findings by Management	Institutional	Number	Number of Reports issued on implementation of AG findings by management by 30 June 2023	1 Report Issued	1 follow up report on Implementation of the Auditor General findings action plans by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 13
40	To promote good governance and public participation	Public Participation and Good Governance	External Audit	Develop Detailed Audit action plan and submit to council for approval	Institutional	Number	Number of Audit action plan developed to address AG Findings and submitted to council for approval on or before 30 Jan 2023	1 AAP	1 Audit action plan developed to address AG Findings and submitted to council for approval on or before 30 Jan 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 14
41	To promote good governance and public participation	Public Participation and Good Governance	Planning and Performance Management	Develop, Review and approve the Municipal IDP as per approved process plan	Institutional	Number	Number of IDP reviewed and approved by council by 30 June 2023	1 IDP Reviewed and approved	Reviewed and Approved the IDP by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 15
42	To promote good governance and public participation	Public Participation and Good Governance	Planning and Performance Management	Develop and Approve the SDBIP	Institutional	Number	Number of SDBIP Developed and approved by the Mayor by 30 June 2023	1 SDBIP Approved	1 SDBIP developed and approved by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 16

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
43	To promote good governance and public participation	Public Participation and Good Governance	Planning and Performance Management	Develop and sign the Performance agreements for MM Section 56 Managers	Institutional	Number	Number of Performance Agreements developed and signed by 30 June 2023	4 Performance agreements developed and signed	4 Performance Agreements developed and signed by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 17
44	To promote good governance and public participation	Public Participation and Good Governance	Planning and Performance Management	Organizational Performance Reports	Institutional	Number	Number of organizational performance reports developed and submitted to Council by 30 June 2023	4 organizational performance reports	4 organizational performance reports developed and submitted to Council by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 18
45	To promote good governance and public participation	Public Participation and Good Governance	Planning and Performance Management	Develop and submit Annual Performance Report	Institutional	Number	Number of Annual Performance reports developed and submitted to the AG by 31 August 2022	1 APR report Submitted	1 APR Report Developed and Submitted to AG by 31 August 2022	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 19
46	To promote good governance and public participation	Public Participation and Good Governance	Planning and Performance Management	Conduct Performance appraisals for MM and Section 56 Managers	Institutional	Number	Number of Formal Performance Appraisals for MM and Section 56 Managers Conducted by 30 June 2023	0 Performance appraisals conducted	1 Formal Performance Appraisals for MM and Section 56 Managers Conducted by 30 June 2023	Not Achieved	Only one informal assessment conducted	Annual formal performance appraisals for MM and Section 56 Managers to be conducted before end of August 2023	To ensure that formal Performance Appraisals for MM and Section 56 Managers Conducted as per the legislation.	OPEX	OPEX	OPEX	MM 20
47	To promote good governance	Public Participation and	Planning and Performance	Develop and submit Midyear	Institutional	Number	Number of Mid-Year performance	1 Midyear assessment	1 Mid-Year performance	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 21

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
	and public participation	Good Governance	Management	performance assessment Report			Assessment report developed and submitted to council by 30 June 2023	report submitted	once Assessment report developed and submitted to council by 30 June 2023								
48	To promote good governance and public participation	Public Participation and Good Governance	Planning and Performance Management	Develop and Submit Oversight Report to Council	Institutional	Number	Number Oversight Report prepared and submitted to Council by 31 March 2023	01 Oversight Report	Oversight Report tabled to Council by 31 March 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 22
49	To promote good governance and public participation	Public Participation and Good Governance	Council Support	Implementation of Council Resolutions	Institutional	Percentage	% of Council Resolutions implemented within prescribed timeframe stipulated on resolution register by end of June 2023	100% Council Resolutions Implemented	50% of Council Resolutions implemented by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	MM 23
50	To ensure compliance with legislation in terms of reporting requirements	Financial Viability & Management	Budget and Reporting	Prepare and submit monthly Sec 11,52d and 66 reports council quarterly	Institutional	Number	Number of Budget Implementation Reports submitted to Council by 30 June 2023	12 Budget Implementation Reports	12 Budget Implementation Reports submitted to Council by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 1
51	To ensure compliance with legislation in terms of reporting requirements	Financial Viability & Management	Budget and Reporting	Prepare and submit monthly Sec 71 reports to the mayor and Provincial treasury within 10 working days	Institutional	Number	Number of Section 71 Reports prepared and submitted to the mayor and provincial treasury by 30 June 2023	12	12 Section 71 Reports prepared and submitted to the mayor and provincial treasury	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 2

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
									by 30 June 2023								
52	To ensure compliance with legislation in terms of reporting requirements	Financial Viability and Management	Budget & Reporting	Prepare and timeously submission of the AFS to AGSA by the set statutory period by 31 August 2021	Institutional	Date	Number AFS prepared and timeously submitted to AGSA by 31 August 2022	2020/21 AFS	1 AFS prepared and timeously submitted to AGSA by 31 August 2022	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 3
53	To ensure compliance with legislation in terms of reporting requirements	Financial Viability and Management	Revenue Management	Implementation of Credit and Debt Collection Policy	Institutional	Number	Number of status reports on the implementation of the Credit & Debit Collection Policy by 30 June 2023	4 Status reports compiled in 2021/2022 FY	4 Status report on the implementation of the Credit & Debit Collection Policy by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 4
54	To ensure compliance with legislation in terms of reporting requirements	Financial Viability and Management	Revenue Management	Implementation of Indigent Policy	Institutional	Number	Number of status reports on the implementation of Indigent Policy by 30 June 2023	4 Status reports compiled in 2021/2022 FY	4 Status reports on the implementation of Indigent Policy by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 5
55	To Increase Revenue Base and Financial Viability	Financial Viability and Management	Revenue Management	Billing Reports for Water, Refuse, Rates and sanitation	Institutional	Number	Number of Monthly billing reports compiled on Water provision, Sanitation Provision, and Refuse by 30 June 2023	12 Monthly billing reports	12 Monthly billing reports compiled by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 6
56	To Increase Revenue Base and Financial Viability	Financial Viability and Management	Revenue Management	Collection Rate	Institutional	Percentage	% of Monthly Collection Rate achieved by 30 June 2023	62% Collection Rate	62% of Monthly Collection Rate achieved by 30	Not Achieved 34% collection rate was achieved	62% of Monthly Collection Rate was not	Inaccurate billing Incorrect billing information Statements not sent out	Conduct a Data Cleansing for accurate billing Consumer Education	OPEX	OPEX	OPEX	FIN 7

No	STRATEGIC OBJECTIVE	KEY PERFOR- MANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASURE MENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNE D ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATION S	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUST ED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
									June 2023		achieved by 30 June 2023	timeously to Consumers Culture of non-payments amongst consumers	through ward committees and councilors				
57	To ensure implementation of SCM policy and regulations	Financial Viability and Management	Supply Chain Management	Supply Chain Implementation Reports	Institutional	Number	Number of Supply Chain Implementation Reports submitted to Council by 30 June 2023	4 SCM Reports	4 Supply Chain Implementation Reports submitted to Council by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 8
58	To ensure compliance with legislation in terms of reporting requirements	Financial Viability and Management	Supply Chain Management and Reporting	Develop and update UIFW Register	Institutional	Number	Number of UIFW Register developed and updated by 30 June 2023	1 up to date UIFW Register	1 UIFW Register updated by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 9
59	To ensure compliance with legislation in terms of reporting requirements	Financial Viability and Management	Budget & Reporting	Prepare and submit Adjustment budget for approval by council by 28 February each year	Institutional	Date	Number of Adjustment Budget prepared and approved by Council by 28 February 2023	1 2022/2023 Adjustment Budget	1 Adjustment Budget prepared and submitted to council by 28 February 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 10
60	To ensure compliance with legislation in terms of reporting requirements	Financial Viability and Management	Budget & Reporting	Prepare and submit midyear performance assessment report on implementation of the budget by 25 January of each year to Council and Provincial and National Treasury	Institutional	Date	Number of mid-Year performance Assessment report prepared and submitted to council and relevant treasury by 25 January 2023	2022/2023 Midyear financial performance assessment report prepared and submitted by 25 January 2023	1 Mid-year financial performance Assessment report prepared and submitted to council by 25 January 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 11

No	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	FOCUS AREA	PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL TARGET 2022/23 FY	ACTUAL REPORTED ACHIEVEMENT	DEVIATIONS	REASON FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	ORIGINAL BUDGET SOURCE	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2023	INDICATOR MATRIX REFERENCE
61	To ensure Integrated and sustainable human settlement	Spatial planning development and human settlement	Town Planning	Review and Approve the Spatial Development Framework by 30 June 2021	Institutional	Number	Number of SDF reviewed and approved by Council by 30 June 2023	Draft SDF	1 SDF reviewed and approved by council by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 12
62	To ensure Integrated and sustainable human settlement	Spatial planning development and human settlement	Town Planning	Percentage of Land Development / Use Applications received and addressed.	Institutional	Percentage	Percentage of land use applications received and addressed by 30 June 2023	100%	100% of land use applications received and addressed by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 13
63	To ensure Integrated and sustainable human settlement	Spatial planning development and human settlement	Town Planning	Percentage of Submitted building plans assessed timeously	Institutional	Percentage	Percentage of building plans applications received and addressed by 30 June 2023	100%	100% of building plans applications received and addressed by 30 June 2023	Achieved	N/A	N/A	N/A	OPEX	OPEX	OPEX	FIN 14

CHAPTER 5

Financial Performance

Audited Annual Financial Statements (2022/2023) See ANNEXURE: A

AUDITED ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 2023/06/30



**SEE
ANNEXURE A**

CHAPTER 6

Auditors General Findings

Auditor General's Report (2022/2023)
Annual Audit Committee Report (2022/2023)
Risk Management Committee Report (2022/2023)
Audit Report Action Plan (2022/2023)

Report of the auditor-general to the Free State Provincial Legislature and the council on the Phumelela Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Phumelela Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Phumelela Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. Note 47 to the financial statements indicates that the municipality incurred a net loss of R29 648 855 during the year ended 30 June 2023 and, as of that date, the municipality's current liabilities exceeded its current assets by R352 034 086. The municipality has been deducting pension, medical aid, and pay as you earn from employees salaries, but has been unable to pay over R4 537 728 of these amounts deducted to the relevant third parties as disclosed in note 52. In addition, the municipality owed Eskom R182 438 800 (2022: 161 221 232) and the Department of Water and Sanitation R159 798 238 (2022: R137 339 493) as at 30 June 2023, which was long overdue. These events or conditions, along with other matters as set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

1. **Emphasis of matters**

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

Underspending of conditional grants

9. As disclosed in note 17 to the financial statements, the municipality materially underspent the conditional grants by R13 144 330 (2022: R10 867 438).

Material impairments

10. As disclosed in note 15 to the financial statements, material losses of R460 673 905 were incurred as a result of a write-off of irrecoverable trade debtors.

Restatement of corresponding figures

11. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material losses

12. As disclosed in note 51 to the financial statements, material electricity losses of R5 869 563 (2022: R6 981 631) were incurred, due to technical losses on the breakdown of transformers, cables, overhead lines, faulty meters, theft and vandalism.

13. As disclosed in note 51 to the financial statements, material water losses of R6 670 895 (2022: R6 851 136) were incurred due to defective meters, losses on the water network (breakage in pipelines and pumps, leaking valves), evaporation, theft, vandalism and damages as a result of blind excavations.

Unauthorised expenditure

14. As disclosed in note 48 to the financial statements, unauthorised expenditure of R72 133 854 (2022: R92 504 657) was incurred, due to overspending of the budget and some conditional grants were not spent for its intended purposes.

Fruitless and wasteful expenditure

15. As disclosed in note 49 to the financial statements, fruitless and wasteful expenditure of R15 582 902 (2022: R11 318 083) was incurred, due to interest charged on late payments to suppliers.

Irregular expenditure

16. As disclosed in note 50 to the financial statements, irregular expenditure of R10 646 508 (2022: R14 284 537) was incurred, as adequate competitive bidding processes were not followed.

Other matter

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

Unaudited disclosure notes

18. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. The disclosure requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer financial statements

19. 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 control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
20. 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.

Responsibilities of the auditor-general for the audit of the financial statements

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

23. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
24. I selected the following material performance indicators related to the basic services and infrastructure development presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
 - TS 1 - Number of Constructed sewer reticulation and house connection for 118 houses, toilets structure and outfall sewer in Zamani by 30 June 2023
 - TS 2 - Number of KM roads and storm water constructed in Memel/Zamani by 30 June 2023
 - TS 3 - Number of KM roads and storm water constructed in Thembalihle/Vrede by 30 June 2023
 - TS 4 - Number of KM roads and storm water constructed in Warden/Ezenzeleni by 30 June 2023
 - TS 5 - Number of Outfall Sewer refurbished by 30 June 2023 (Thembelihle/Vrede)

- TS 6 - Number of sewer line revamped in Warden/Ezenzeleni by 30 June 2023
- TS 7 - Number of Outfall Sewer refurbished by 30 June 2023 (Ext 4 Vrede/Thembelihle)
- TS 8 - Number of Sewer System in Warden Phase 1
- TS10 - Number of sites/Households electrified in Memel/ Zamani by 30 June 2023
- TS14 - Number of Household provided with electricity by June 2023

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

26. I performed procedures to test whether:

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

27. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

28. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

29. I draw attention to the matters below.

Achievement of planned targets

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

Material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic services and infrastructure development. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

32. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
33. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
34. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
35. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

36. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, liabilities and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.
37. The oversight report adopted by the council on the 2021-22 annual report was not made public, as required by section 129(3) of the MFMA.

Procurement and contract management

38. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). A similar non-compliance was also reported in the prior year.
39. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM regulation 5. A similar non-compliance was also reported in the prior year.

Consequence management

40. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

41. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
42. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Expenditure management

43. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
44. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R72 133 853 as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget and some conditional grants were not used for its intended purposes.
45. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R15 582 902, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties charged due to late payments to the suppliers.
46. Reasonable steps were not taken to prevent irregular expenditure amounting to R10 646 508, as disclosed in note 50 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM legislation during the bidding processes followed.

Conditional grants

47. The municipal infrastructure grant and water services infrastructure grant were not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.
48. Performance in respect of programmes funded by the municipal infrastructure grant, extended public works programme grant, financial management grant and water services infrastructure grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.

Strategic planning and performance

49. No key performance indicators were set in respect of the provision of basic water, sanitation, electricity and solid waste removal services, as required by section 43(2) of the Municipal System Act 32 of 2000 and municipal planning and performance management regulation 10(a).
50. The performance management system and related controls were inadequate as it did not describe how the performance review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

Asset management

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

Other information in the annual report

52. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected material performance indicators presented in the annual performance report that have been specifically reported on in this auditor's report.
53. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation does not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
54. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
55. 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

56. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
57. The matters reported below are limited to the significant internal control deficiencies that resulted in opinion and the material findings on compliance with legislation included in this report.
58. The accounting officer and municipal council did not effectively oversee financial and performance reporting and compliance as well as related internal controls which resulted in the numerous misstatements.
59. The accounting officer and municipal council did not adequately monitor the action plan to address prior year findings resulting in recurring material misstatements and material non-compliance.
60. Management and the accounting officer did not adequately review and monitor compliance with applicable legislations which resulted in material non-compliance findings.
61. Management did not implement adequate controls over the daily and monthly processing and reconciling of transactions and as a result there were material misstatements in the annual financial statements and annual performance report.
62. Leadership did not implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored, as a result repetitive material findings were identified without sufficient consequences.

Bloemfontein

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

2. 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 the selected material performance indicators and on the municipality's compliance with selected requirements in key legislation

Financial statements

3. 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
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

4. 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.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other

matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraphs (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J (1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

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

Audit Committee Report

We are pleased to submit our report for the financial year ended 30 June 2023.

Audit Committee members and meetings attendance

The Audit Committee comprised of the members listed hereunder and have met 03 times during the period under review.

Name of member and Number of meetings attended

Mr. GA Ntsala (Audit Committee Chairperson) 03 meetings attended
Ms. MR Khetha (Member) 03 meetings attended
Mr. TS Morare (Member) 03 meetings attended
Ms. M Ntipe (Member) 03 meetings attended
Mr. LB Mokhantso (RMC Chairperson) 03 Meetings attended

Audit Committee Responsibilities

The Audit Committee reports that it has complied with its fiduciary responsibilities arising from section 166(2)(a) of the Local Government: Municipal Finance Management Act.

The Audit Committee also report that it has adopted appropriate formal terms of reference as contemplated in the Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Evaluation of Annual Financial Statements

The Audit Committee has:

- Not reviewed and discussed the draft 2022/23 Annual Financial Statements.
- The draft Annual Performance report with Management before submission to AGSA for auditing;
- Not reviewed changes in accounting policies and practices where applicable.
- Not reviewed the municipality's compliance with legal and regulatory provisions;

Critical audit matters (CAMs)

The audit and performance committee couldn't reference critical audit matters as disclosures, which are matters communicated or required to be communicated by the external auditor to the audit committee relating to material accounts or disclosures and involving especially challenging, subjective or complex auditor judgment. The following is noted regarding CAMs.

- Disclosure of audit committee's discussion of CAMs with the Auditor General South Africa (AGSA).
"We could not review and discuss with management, the Chief Audit Executive and AGSA: the AG's opinion on the annual financial statements, including:-
 - (i) the critical audit matters of emphasis addressed during the audit,
 - (ii) the effectiveness of the Municipality's internal control over financial reporting, and
 - (iii) the impact of compliance matters.
- The audit committee could not review and discuss with the external auditor CAMs that arose during the current period audit.

- The challenges facing the municipality to ensure that there are checklists in areas of financial, performance and compliance with applicable legislation which will assist the municipality in reducing misstatement and non-compliance were not discussed.
- Lastly the committee couldn't engage the Auditors on matters relating culture of performance, accountability, transparency, and integrity is an ongoing process that ensures ownership, continuous improvement, and a shared commitment to the principles of good governance from all the stakeholders. This will turn promote the culture shift so that the municipality is able to provide basic services to the community and improve the lives of our people in Phumelela.

Fraud risk

In conjunction with risk oversight, the audit committee should be satisfied that the municipality has policies in place to prevent and identify fraud. It should work with management to oversee the establishment of appropriate antifraud controls and programs and to take the necessary steps when fraud is detected. The audit committee should also be satisfied that the organization has adopted an appropriate ethics and compliance program ran by TMDM and using the national reporting hotline. See the ethics and code of conduct and reporting hotline procedures sections in the policy for more information.

Audit committee members were aware of three main areas of fraud risk:

- Financial statement fraud, which includes intentional misstatements in or omissions from financial statements.
- Asset misappropriation, which may include check forgery, theft of money, inventory theft, payroll fraud, or theft of services
- Corruption, which may include schemes such as kickbacks, shell companies, bribes to influence decision makers, or manipulation of contracts.

One way the audit committee can help oversee the prevention and detection of financial statement fraud is by monitoring management's assessment of Internal Control over Financial Reporting.

Risk oversight

Given the dynamic local government environment, which creates an ever-changing risk landscape, council should make sure the risk oversight function is well defined and effective. Council plays a critical role in understanding and influencing management's processes for identifying, assessing, and continually monitoring risks. Council should clearly define which risks the full council should discuss regularly versus the risks that can appropriately be delegated primarily to a council committees. While many council have a defined risk governance structure in place, it is important to continually assess the structure as the municipality faces new risks.

Oversight of Internal Audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The Audit Committee has:

- Not met with the Auditor-General of South Africa to ensure that there were no unresolved issues in relations to the 2022/23 external audit process.
- Not discussed the Audit Report of the Auditor-General of South Africa

The Audit Committee concurs with and accepts the Report of Auditor-General of South Africa, the unaudited annual financial statements and the annual performance report information.

The Audit Committee is of the opinion that the annual financial statements and the report of the Auditor-General of South Africa should be read together with the Audit Report and Management Report, and that an action plan to address the audit report would be developed thereon.

Risk Management Committee Report

We are pleased to submit our report for the financial year ended 30 June 2023.

ENTERPRISE RISK MANAGEMENT

On an annual basis, the Municipality conducts risk assessments, at both Strategic and Operational level, to ensure that PLM's set objectives are met, and risk management is embedded into the municipal operations. The ERM Framework has been endorsed by PLM and the methodology is applied throughout when performing risk assessments. The process adopted is effective, efficient, and transparent and produces quality risk profiles for the Municipality.

The risk management process is embedded into two municipal levels, i.e.:

- Strategic risk profile, and
- Operational risk profiles

Upon development of PL's risk profile, Management takes ownership and accountability of the identified risks and identifies treatment plans addressing root causes and ensure continuous monitoring of these treatment plans to reduce the risk exposures. PLM is committed to the processes of risk management by prioritizing good governance in achieving service delivery.

ERM Legal Mandate:

The implementation of Enterprise Risk Management is in line with Section 62(1) (c) of the Municipal Finance Management Act No.56 of 2003, Public Sector Risk Management Framework as well as King IV Code of Corporate Governance and other best practice guidelines. The management of risks is the right thing to do when entrusted with public funds that are meant to contribute to improving lives of Phumelela citizens, communities, and other stakeholders.

ERM Methodology:

Phumelela Local Municipality adopted COSO in developing the Enterprise Risk Management Processes in conjunction with the Public Sector Risk Management Framework and King IV Code of Corporate Governance.

Risk Management Maturity and Culture:

Risk management continues to be embedded and mature at various levels across the municipality, with annual assessments and ongoing reviews taking place at a strategic, operational, risk category levels. To improve the risk maturity levels in the organisation it is reliant on embedding a sound risk culture across all the various levels in the Municipality.

The risk culture is at varying degrees across the municipal portfolios. ERM risk initiatives are in place to assist risk owners embedding a positive risk culture within their environments and setting the right tone in their areas of influence.

Enterprise Risk and Advisory Services Department:

The Risk Management Department champions the implementation of risk management policy, framework and processes as well as provides advice and guidance on risk management matters throughout the municipality and its entities.

The Department operates as a second line of defense, which are roles performed by units/departments that support management through providing advice and guidance in the embedding of risk operations and governance processes, whilst ownership and decisions taken remains the responsibility of line management.

The function is strategically positioned to form part of IDP: "Good Governance and Responsive Local Government" with a mandate to "Create an efficient, effective and accountable administration".

Principal Risks

Council faces a number of principal risks and uncertainties that, if not properly managed, could create an exposure for the Municipality. Thorough risk assessment and mitigation help ensure these risks are well managed and governed effectively. The Municipality focuses on addressing the following principal risks.

Principal Risks	Description	Key Mitigations
<i>Strategic Risks</i>	The risk of material adverse changes to the Municipalities performance, development prospects and/or ability to deliver its objectives and strategic goals, caused by changes in the business, economic, regulatory or political environments in which the municipality operates.	<ul style="list-style-type: none"> • Proactive monitoring of local government development trends, competitors, climate change and innovations. • Proactive monitoring of and preparation for National and local changes in regulations affecting Local Government • Responsive project controls in place to allow strategic flexibility and timely resource allocation • Proactive monitoring of geopolitical developments, including impacts of sanctions.
<i>Operational Risks</i>	The risk of financial loss, reputational damage or inability to provide service delivery to the public resulting from inadequate or failed processes.	<ul style="list-style-type: none"> • Continuous development of an understanding of the evolving internal critical processes and controls and their impact on people, process and technology • Organisational leadership structure and operating model changes • Maintenance of a confident state of preparedness to respond to and recover from business disruptions through regular drills on crisis management of major incident scenarios
<i>Human Capital risk</i>	The risk of operational impact as a result of not being able to retain key personnel, engage employees and develop new capabilities	<ul style="list-style-type: none"> • Enhancement of the risk measures used as an indicator of the trend in attrition across the Municipality. This is coupled with the time required to backfill these vacancies to provide a more holistic view • Enhancement of the succession plan to cover all key positions across the organisation
<i>Cyber and Technology Risk.</i>	The risk of operational disruption or impact, financial loss or reputational damage due to technology failures, operational inefficiencies in existing technologies and IT processes, or cyber incidents, cyber attacks and/or unauthorised access by malicious internal or external parties	<ul style="list-style-type: none"> • Defence-in-depth cyber controls including segregation of critical systems • Ongoing testing and evaluation of cyber risk controls • Pre-launch risk advice on strategic projects • Low latency, highly resilient IT service design • Regular system performance monitoring, active capacity planning, maintenance and drills (including disaster recovery)
<i>Data Risk</i>	The risk of any unexpected or underestimated adverse impact on the Group as a result of limitations to or issues arising from its ability (or that of a third party) to effectively, appropriately or lawfully process, manage and/or protect its data in its ownership or possession	<ul style="list-style-type: none"> • Site and data centre security. • Investing in Data Protection providing consultation to day-to-day operations and new business initiatives.
<i>Legal & Compliance</i>	The risk of unexpected or uncertain application of a law or regulation to the	<ul style="list-style-type: none"> • Implementation of a new Contract Management System.

	Municipality's business or operations The risk of incurring penalties, financial loss from the Municipality's failure to act in accordance with in laws and regulations, statutory obligations, internal policies or prescribed best practices.	<ul style="list-style-type: none"> • Legal review of contracts • Establishment of new functions for monitoring and testing and advisory. <p>Effective monitoring of the Project Management Unit.</p>
<i>Liquidity Risk</i>	The risk of being unable to settle obligations as they fall due whether relating to actual or modelled cash flow requirements and/or regulatory requirements under extreme but plausible conditions.	<ul style="list-style-type: none"> • Clearing liquidity risk management requirements met through established practices • Application of the credit control management policy • Liaison with various stakeholders for financial support (Cogta and Provincial Treasury) • The use of an Indigent Policy.
<i>Third Party Risk</i>	The risk that business operations or reputation of the Municipality is adversely impacted by third party actions or a failure by the third party in provisioning services to the Municipality in line with service level agreements	<ul style="list-style-type: none"> • Implementation of a new Third Party Risk Management Policy and framework along with tooling to enhance monitoring and control in alignment with applicable standards • Quarterly monitoring programme.

HIGH LEVEL ACTION PLAN TO ADDRESS AUDIT FINDINGS

#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
1	Material Uncertainty relating to going Concern						
	Note 47 to the financial statements indicates that the municipality incurred a net loss of R29 648 855 during the year ended 30 June 2023 and, as of that date, the municipality's current liabilities exceeded its current assets by R352 034 086. The municipality has been deducting pension, medical aid and pay as you earn from employees salaries but has been unable to pay over R4 537 728 of these amounts deducted to the relevant third parties as disclosed in note 52. In addition, the municipality owed Eskom R182438 800 (2022: R161 221 232 031) and the water board R159 798 238 (2022: R R137 339 494) as at 30 June 2023, which was long overdue. These events or conditions, along with other matters as set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.	Low collection of revenue, Municipality is a grant dependent municipality with increasing social needs, provision of basic infrastructure as an utmost requirement, High unemployment rate contributing to non-payment of services	Encourage communities to register for indigent. Effective implementation credit control policy (cutting of services for non-paying consumers focusing on Businesses and Top 100 debtors. Eskom sells electricity on behalf of the municipality to services the current account and service the historic debt.	Improve Cash flow Enhanced revenue Collection rate	30/Jun/24	Budget and Treasury	Chief Financial Officer
	Matter of Emphasis						
2	Irregular Expenditure						
	As disclosed in note 50 to the financial statements, the municipality incurred irregular expenditure of R10 646 508 (2022: R14 284 537) due to non-compliance with supply chain management (SCM) requirements.	Lack of proper planning Unforeseen Circumstances Inadequate controls and capacity within all forms of procurements. Lack of consequence management.	MPAC to investigate all disclosed Unauthorised, irregular, fruitless and wasteful expenditure.	Internal Audit UIF report. Council Resolution.	30/Jun/24	Office of the MM	Accounting Officer

#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
3	Unauthorised expenditure						
	As disclosed in note 48 to the financial statements, the municipality incurred Unauthorised expenditure of R72 133 854 (2022: R92 504 657), due to overspending of the budget and conditional grants not spent in accordance with the relevant grant frameworks.	Misallocation of expenditure votes, Expenditure is misallocated to incorrect votes Under-budgeting	MPAC to investigate all disclosed Unauthorised, irregular, fruitless and wasteful expenditure.	Internal Audit UIF report. Council Resolution.	30/Jun/24	Office of the MM	Accounting Officer
4	Fruitless and wasteful expenditure						
	As disclosed in note 49 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R15 582 902 (2022: R11 318 083), due to interest charged on late payments to suppliers.	Cash Challenges-Under Collection of revenue	MPAC to investigate all disclosed Unauthorised, irregular, fruitless and wasteful expenditure.	Internal Audit UIF report. Council Resolution.	30/Jun/24	Office of the MM	Accounting Officer
#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
5	Restatement of Corresponding figures						
	As disclosed in notes 44 to the financial statements, the corresponding figures for 31 June 2022 were restated as a result of errors in the financial statements of the municipality, and for the year ended, 30 June 2023.	Lack of proper review of AFS prior to submission.	Regular update of the litigation register in order discloses the exposed amount of cases in the contingent liability register. Ensure that all invoices are captured and paid	Grap Compliant AFS	30/Jun/24	Budget and Treasury/Reporting	Chief Financial Officer

#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
			within the timelines and the financial year.				
#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
6	Material Losses						
	<p>As disclosed in note 51 to the financial statements, material water distribution losses of R6 670 895 (2022: R6 851 136) were incurred due to detective meters, losses on the water network (breakage in pipelines and pumps, leaking valves), evaporation, theft, vandalism and damages as a result of blind excavations.</p> <p>Furthermore, note 51 to the FS - electricity distribution losses of R6 670 895 (2022: R6 981 631) were incurred by the municipality, mainly due to technical losses on the breakdown of transformers, cables, overhead lines, faulty meters, theft and vandalism..</p>	<p>Inadequate bulk and household metering. Dilapidated Infrastructure (Old asbestos pipes) Inadequate Controls over accounting of losses.</p> <p>Tempering with electricity meters NMD penalties</p>	<p>Improved Routine Maintenance (development of maintenance plans for water infrastructure. Install meters in all municipal facilities to be able to service the current account.</p> <p>Engage Eskom to conduct meter audit in order to address the tempering and accounts not purchasing electricity</p>	<p>Break even in servicing current Eskom account</p> <p>Electrification of 336 and 1009 new household in warden which will assist in revenue generation in 2023/2024 Financial year</p> <p>refurbishment of water treatment plant and train process controllers</p>	30/Jun/24	Technical Department	Director DTS
7	Material Impairment						

#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
	As disclosed in note 15 to the financial statements, material losses of R460 673 905 were incurred as a result of a write-off of irrecoverable trade debtors.	Low collectability of outstanding debt due to the municipality and the declining payment rate of consumers.	Conduct data cleansing and analysis to ensure write off of irrecoverable debts and maintenance of accurate debtors' book Revise and approve the write off policy	Accurate billing of accounts Increase payment of services and increase revenue Approved write off policy	30/Jun/24	Budget and Treasury/Revenue	Chief Financial Officer
#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
	Report on the audit of compliance with legislation						
8	Annual Financial Statement, Performance report and Annual Report						
	The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current liabilities, non-current liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	Lack of proper review of AFS prior to submission	Ensure proper review of AFS prior to submission by oversight components such as internal audit, Audit Committee, and management	Credible GRAP Compliant set of Annual Financial Statement free from any material aspects submitted in accordance with section 122(1) of MFMA.	30/Jun/24	Budget and Treasury/Reporting	Chief Financial Officer
9	Utilisation of conditional grants						

#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
	<p>The municipal infrastructure grant and water services infrastructure grant were not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.</p> <p>Performance in respect of programmes funded by the municipal infrastructure grant, regional bulk infrastructure grant, water services infrastructure grant, financial management grant, and integrated national electrification programme grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.</p>	Management oversight	<p>Conduct Evaluation of performance all the grants received per Dora and submit the reports to Auditor General at year end.</p> <p>Develop and keep grant register and perform reconciliations of all grants on quarterly.</p>	Grants Reconciliation Register Performance Evaluation Reports of All listed grants	30/Jun/24	Budget and Treasury/Reporting	Chief Financial Officer
#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
10	Consequence Management						
	<p>Unauthorised, Irregular, fruitless and wasteful expenditures incurred by the municipality and was not investigated to determine if any person is liable for such expenditure as required by section 32 (2) (a) and (b) of the MFMA</p>	Lack of consequence management Policy and procedure	<p>Develop a consequence management procedure</p> <p>Refer all the reported expenditure for investigation Await recommendations of MPAC to for further action</p>	Consequence management procedure implementation	30/Jun/24	Office of the MM	Accounting Officer

#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
11	Expenditure Management						
	<p>Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.</p> <p>Reasonable steps were not taken to prevent unauthorised expenditure amounting to R72 133 853 as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the municipality exceeding its budget and conditional grants not used for its intended purposes.</p> <p>Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R15 582 902 as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest and penalties charged due to late payments to the suppliers.</p> <p>Reasonable steps were not taken to prevent irregular expenditure amounting to R10 646 508 as disclosed in note 50 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance to the SCM legislation during the bidding processes followed.</p>	<p>Cash Flow Challenge Low Collection of Revenue</p> <p>Non-compliance to SCM policies and regulations</p> <p>Interest incurred on late payments of creditors due to cash low collection of revenue</p> <p>Under budgeting</p>	<p>Improved revenue collection Develop, approve, and implement revenue enhancement strategy Enhance credit Control measures and implement the credit control policy Ensure proper budgeting and proper control of expenditure to avoid Unauthorised expenditures</p>	Improved Cash Flow	30/Jun/24	Budget and Treasury/Expenditure/Revenue	Chief Financial Officer
12	Procurement and Contract Management						
	<p>Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c). This is a repeat finding.</p>	<p>Non-compliance to SCM regulations Lack of procurements plans Lack of contract committee</p>	<p>Develop a procurement plan Improve oversight on procurement of goods and services to ensure</p>	Compliance to SCM regulations Minimised deviations	30/Jun/24	Budget and Treasury /SCM	Chief Financial Officer

#	DETAIL FINDING	ROOT CAUSE	REMEDIAL ACTION	OUTPUT	TIME FRAME	RESPONSIBLE DEPARTMENT	RESPONSIBLE OFFICIAL
	Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated officials, in contravention of SCM regulation 5. This is a repeat finding.		compliance with the regulation Appointment of contract committee				
13	Strategic Planning and Performance Management						
	<p>No KPI were set in respect of the provision of basic solid waste removal services, as required by section 43(2) of the Municipal Systems Act 32 of 2000 (MSA) and municipal planning and performance management regulation 10(a).</p> <p>The performance management system and related controls were inadequate as it did not describe how the performance review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).</p>	Lack of PMS policy	Review and approved the Performance Management policy/System to clear define the controls over management of performance as we the reporting process of the performance of the municipality as required by Municipal planning regulation	Revised PMS policy	30/Jun/24	Office of the MM Manager IDP/PMS	Manager IDP/PMS