THE BUSHBUCKRIDGE LOCAL MUNICIPALITY
ANNUAL REPORT 2020/2021

GOODWILL CONQUERS

BUSHBUCKRIDGE
LOCAL MUNICIPALITY

The Annual Report for the year ended 30 June 2021

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LIST OF ABBREVIATIONS AND DEFINITIONS

Abbreviation	Definition
AFS	Annual Financial Statement
APR	Annual Performance Report
AR	Annual Report
AGSA	Auditor-General South Africa
BLM	Bushbuckridge Local Municipality
CDWs	Community Development Workers
CIP	Comprehensive Infrastructure Plan
COGTA	Department of Corporative Governance and Traditional Affairs
DWAF	Department of Water Affairs and Forestry
DWS	Department of Water and Sanitation
DOE	Department of Energy
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EDPE	Economic Development Planning and Environment
IDP	Integrated Developmental Planning
IGR	Inter-Governmental Relations
ISF	Integrated Spatial Framework
ITP	Integrated Transport Plan
IUCMA	Inkomati- Usuthu Catchment Management Agency
KPA	Key Performance Area
KPI	Key Performance Indicator
LM	Local Municipality
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
MPI	Municipal Priority Issue
NKPI	National Key Performance Indicator
NSDP	National Spatial Development Perspective
OHS	Occupational Health and Safety
PCC	Presidential Coordination Council
PCF	Premiers Coordinating Forum
RED	Regional Electricity Distributor
RW	Rand Water
SALGA	South African Local Government Association
SAPS	South African Police Services
SDBIP	Service Delivery Budget Implementation Plan
SDBIR	Service Delivery Budget Implementation Report
SDF	Spatial Development Framework
SMMEs	Small, Medium and Micro Enterprises
SG	Surveyor General
VIP	Ventilated Improved Pit Latrine

WSP	Workplace Skill Plan
WWTW	Waste Water Treatment Works
Section 46	Report Required in Terms of Section 46 of the MSA
Section 121	Report Required in Terms of Section 121 of the MFMA

Abbreviation	Definition
Key Performance Areas (KPA's):	KPA's are clear statements of intent, which guide the development of the programmes and projects making up the IDP. Example: Basic Service delivery.
Key Performance Indicator (KPIs):	KPIs are derived from KPAs/objective statements. It is an expression of what is going to be measured and what parameter is going to be used to establish the degree at which the KPA/objective has been reached Example: Accumulative number of low-cost residential stands provided with basic levels of sanitation
Baseline	The baseline is the level of performance recorded in the year prior to the planning period. Example: 5 000 low-cost residential stands provided with basic levels of sanitation
Target	The target expresses a commitment to performance. Example: 20 000 low-cost residential stands provided with basic levels of sanitation by the end of the year.
Inputs / Activities	Relates to activities that an employee is expected to complete to produce a KPI.
Weighting	The percentage value of a KPA in relation to other KPA's.
Source Document	A document used to prove whether the KPA has been performed or not.
Performance Contract	The document that records the agreements between the employee and the manager on what is expected from the employee in terms of performance for the performance cycle. This also records the employee's development plan.
Performance Review	The process where the performance of the employee is measured by checking the variance between the actual and the expected performance. Employees progress in terms of performance and development are also measured.
Performance Assessment	This is a 1 to 5 numeric value scale used to assess the degree to which targets have been achieved.

1. INTRODUCTION

The municipality was established in terms of the Local Government: Municipal Structures Act to serve the interests of the people of South Africa in the Bushbuckridge area.

The municipality is faced with a number of challenges, the solutions to which form part of its priorities in the medium term to long-term Development Strategy. These challenges include high levels of poverty, unemployment, and service delivery backlogs as well as skills shortages. The HIV/AIDS pandemic at the municipality has led to a further increase in the levels of poverty due to high loss of parents in families.

This financial year has been especially affected by the pandemic brought by the pandemic brought by covid 19 and this has further exacerbated the challenges as highlighted above, as a result The municipality had to develop and adapt to new strategies to respond to the new challenges to ensure continuity of service delivery.

The municipality, therefore, adopted a holistic approach towards addressing these inter-related socio-economic factors to contribute towards improving the quality of life of the communities in the Bushbuckridge Local Municipality (BLM).

This annual report is therefore presented in line with circular 63 of the National Treasury guidelines for preparing Annual Reports.

2. MUNICIPAL SYSTEMS ACT

The Local Government: Municipal Systems Act (2000) section 46 requires that:

1. A Municipality must prepare for each financial year, a performance report reflecting:

   (a) The performance of the municipality and each of external service provider during the financial year.

   (b) A comparison of the performances referred to in paragraph (a) with targets set for performances in the previous financial year.

   (c) Measures taken to improve performance.

2. An Annual Performance Report and Annual Financial Statement which must form part of the municipality's Annual Report in terms of Chapter 12 of the Municipal Finance Management Act.

3. THE PURPOSE OF THE ANNUAL REPORT IS:

1. To provide a record of the activities of the municipality during the financial year to which the report relates.
2. To provide a performance report on service delivery and budget implementation for the financial year.
3. To promote accountability to the local community for the decisions taken by the municipality and its entities throughout the year.

4. CONTENT OF THE ANNUAL REPORT

The content of this Annual Report is guided by sections 121(3) and (4) of the MFMA. It includes the:

a) The Annual Financial Statements of the municipality as audited by the Auditor-General of South Africa (AGSA) in terms of section 126 (1).
b) The audit report of the Auditor- General in terms of both section 126(3) of the section 45(b) of the MSA.
c) The municipality's Annual Performance Report prepared in terms of section 46 of the MSA.
d) An assessment of any arrears on the Municipal taxes and service charges.
e) An assessment of the municipality's performance against the measurable performance objectives for revenue collection from each revenue source and each vote in the municipality has approved budget.
f) Particulars of corrective action taken or to be taken on issues raised in audit reports.
g) Explanations to clarify issues on financial statements.
h) Any other information determined by the municipality including recommendations made by the audit committee and any other information as may be prescribed.
i) In addition to the above, the Municipal Systems Act requires that the municipality's annual report must include the annual performance rendered by external service providers

5. FORMAT OF THE ANNUAL REPORT

The format of the Annual Report is in line with circular 63 of the MFMA and it is structured in the following:

Chapter 1: Mayor's Foreword and Executive Summary
Chapter 2: Governance
Chapter 3: Service Delivery Performance
Chapter 4: Organisational Development Performance
Chapter 5: Financial Performance
Chapter 6: Auditor General's Findings
Conclusion and Authorisation

Appendixes:

A. Annual Performance Report 2020/2021
B. Annual Financial Statements 2020/2021
C. AGSA Audit report 2020/2021

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1. FOREWORD BY EXECUTIVE MAYOR

I would like to extend my appreciation to the community of Bushbuckridge, our Municipal Council, and all political leadership within our municipality for giving us a maximum support during the 2020/2021 financial year. We are working hard to ensure that we realize the goals of the 2030 National Development Plan, Provincial Development and Growth Path as our guiding documents. We are also working hard to uphold the constitution of the Republic South Africa as the supreme law of the country and the pieces of legislations and policies that guide us in our day-to-day activities

I am presenting the 2020/2021 Annual Report, which reflects the performance of the municipal council on the following areas:

1.1.1. Strategic alignment to Provincial Strategies

We have taken an innovative approach to align our plan with Provincial Growth and Development strategy such as Mpumalanga Economic Growth and Development Plan (MEGDP). This is the vision of Mpumalanga provincial government up to 2030. It provides a framework on how to consolidate key priorities in matters affecting the economy. Guided by the provincial strategy, we have made significant progress in recruiting investors, who invested in shopping mall development and full refurbishment and extension of other malls. These projects assisted in reducing high rate of unemployment and the level of poverty in our municipality.

1.1.2. Corrective actions taken to ensure that strategic objective as stipulated in the IDP are achieved

To ensure that strategic objective as stipulated in the IDP are achieved. Organisational performance of Municipality was monitored on a quarterly basis to ensure that the priorities realised by the municipality in the IDP is achieved in line with the SDBIP.

1.1.3. Method used to improve public participation

We had six online Mayoral imbizos to give service delivery updates and allow members of the community to raise their service delivery challenges. 12 IDP public participations were held to present 2020/2021 Draft IDP and Budget to the community. To enhance public participation, we have established the following public participatory structures: ward committees, ward council of stakeholders and the local Council of stakeholders. These public participatory structures have included all stakeholders within our municipality.

1.1.4. Improvements on service delivery

During the 2020/2021 financial year, our municipality made improvement in reducing the water supply backlog in different communities. Our 2020/2021 water projects managed to address water supply challenges in different village and ultimately improvement in the quality of water we supply in compliance with South African Water Quality Guidelines. The operation and maintenance of our water infrastructure has improved after the takeover from Rand Water. Our internal streets were upgraded from gravel to tarred/ paving. The phase 2 of our Regional Land Fill site has been completed. This is one of the projects to improve public health and safety and safety of the environment.

During the outbreak of COVID-19 pandemic, our municipality managed to establish the Local Coronavirus Command Council, which came out with programs to fight the spread of the pandemic.

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Cllr C.S Nxumalo

Executive Mayor: BLM

1.2. FOREWORD BY MUNICIPAL MANAGER

Local government in the context of the Bushbuckridge Local Municipality means an administration that is both geographically localised and limited powers and taking responsibility of the public finances on behalf of the people of Bushbuckridge. I am truly delighted to inform that this Annual Report will provide you with a record of municipal activities relating to the financial year under review. It will further give a performance report and budget implementation for the financial year.

I would like to give my recognition to the Municipal Council who through MPAC ensured that the public purse is utilized responsibly, all the staff members and the community of Bushbuckridge for affording me the opportunity to make my meaningful contributions for the development of the municipality and its people. I must indicate that the municipality is a grant dependent municipality however its revenue collection efforts are slowly yielding results thus contributes a certain percentage into its coffers through its revenue collection avenues. The municipality has implemented projects which were prioritised by community using public participation methods and it have changed the lives of the people.

The municipality has once again been presented with an Unqualified Audit Opinion Outcome for third time in a row from 2018/2019 to 2020/2021 financial years. It is such a feat for a grant dependent municipality like Bushbuckridge to have been presented with an Unqualified Audit Opinion Outcome. This all could be attributed to the good working relationship between the municipality and all its key stakeholders in particular the people of Bushbuckridge.

The Annual Financial Statements have been prepared on an on-going basis in accordance with GRAP standards. The notes to the Annual Financial Statements includes additional information where available as required by the Municipal Financial Management Act no. 56 of 2003

Like all other government entities, the municipality also had its fair share of challenges mainly with revenue collection efforts.

It is without a doubt that as a municipality we will work tirelessly to deliver to our people the intended services as enshrined in our constitution. The municipality's focus is on supplying clean drinkable water and ensuring accessible services to its residents. In the Local Covid19 Command Council shared by Executive Mayor Cllr. Sylvia Nxumalo where I also sit, records show that more efforts need to be done in convincing members of the community to vaccinate in numbers in the fight against covid19.

In conclusion I would like to urge members of the community to continue working together with the municipality to achieve a "Developmental and Prosperous life for all through accountability, transparency and responsible governance; The municipality commits itself to providing affordable and sustainable services by enhancing community participation" as per our Vision and Mission.

1.2.1. Operating results

The operating results for the year ended 30 June 2021 disclosed a surplus of **R 607,004,024** against a restated surplus of **R 564,765,609** for the previous financial year. Total income billed for the year amounts to **R 400 180 447** and grant income realised amounts to **R 1 561 945 646**. The current year provision for debt impairment amounts to **R 222,080,008.** The impairment amount represents the full extent of the economic hardships that the pandemic has brought to our communities.

1.2.2. Revenue management

The Municipality remains largely grant dependent; a situation that needs to be turned around collectively. Officials and Councillors of the Municipality need to lead by example by paying their Municipal accounts. Likewise, government departments, business community and the Municipal account holders need to play their part and pay their dues. With the advent of Covid-19 pandemic, our revenue collection capability was compromised with many households and business still unable to recover from the financial difficulties brought by the pandemic. Debt owed to the municipality at year end amounted to an astronomical **R1 968 430 862.**

1.2.3. Internal management related to section 56 managers

The management team functioned exceptionally well, notwithstanding the vacancies in the top structure. The positions of Director: Corporate Services, Director Community Services and Chief Finance Officer remain vacant and will be filled before the end of the 2021/2022 financial year. The municipality will continue to review its organisational structure in trying to align our performance to the ever-changing environment and community needs.

1.2.4. Conclusion

I would like to congratulate all departments within the BLM administration under the support of members of mayoral committees that has managed to achieve their performance targets for 2020/2021. The support of all municipal staff for their constant responsiveness shall produce the best for the community. The best is still to come.

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Municipal Manager

C.A Nkuna

1.3. REPORT OF THE BUSHBUCKRIDGE LOCAL MUNICIPALITY AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2021

The Audit Committee is pleased to present its Annual Report for the financial year ended 30 June 2021.

1.3.1. Background Overview

The Audit and Performance Committee (the Committee) consisted of seven (7) members. The same members also constituted the Performance Audit Committee.

The Committee adopted its Terms of Reference in the year under review which sets out its fundamental roles and responsibilities as per the requirements of section 166 the Municipal Finance Management Act (MFMA) and requirements of sound corporate governance. The Committee's Terms of Reference were approved by the Council and, therefore, the Committee reports on the activities it has conducted, as per its Terms of Reference.

1.3.2. Membership And Meeting Attendance

The Committee comprised of the members mentioned below, and it has also met Seven (7) times during the year under review, as per the table below:

Name of member	***Attended***	***Apologies****	***Total***
Mr J. Ngobeni (Chairperson)	*7*	*0*	*7*
Mr A. Keyser	*7*	*0*	*7*
Ms P. Mokgope	*7*	*0*	*7*

Name of member	Attended	Apologies*	Total
Mr J. Sithole (CASA)	1	Expired (31 August 2020)	1
Dr T Madzivhandila	5	Expired (31 May 2021)	5
Ms P. Ntuli (CASA)	6	(Appointed August 2020)	6
Adv. G. Khoza	6	(Appointed August 2020)	6

The municipality has appointed Ms G. Belington as the Chairperson of the Risk Management Committee. This Committee had three meetings for the 2020/2021 financial year.

1.3.3. Responsibilities of the Audit and Performance Committee

The Committee has conducted its affairs in compliance with **S**ection 166 of the MFMA and its approved Charter and has advised the Municipal **C**ouncil, the Political Office-bearers, the Accounting Officer, and the Management staff of the municipality in terms of the above-mentioned requirements.

1.3.4. Effectiveness of internal controls and compliance

The Committee has reviewed reports from Internal Audit on the adequacy and effectiveness of the internal control systems in the municipality. From the various reports of the Internal Audit, the Audit and Performance Committee can report that there are some weaknesses in the internal control systems of the municipality relating to non-compliance with legislation, policies, and prescribed procedures. Weak internal controls were mainly identified in the following areas:

a) *Grant Management.*
b) *Infrastructure Assets.*
c) *Payroll Management.*
d) *Migration of Rand Water to BLM*
e) *Waste and Water Management.*
f) *Municipal Finance Management Act Checklist.*
g) *Occupational Health and Safety Management (Covid-19).*
h) *Performance Management.*
i) *Alignment of SDBIP, Budget and IDP.*
j) *Governance Management.*
k) *Inventory Management.*
l) *Annual Financial Statement.*
m) *Information and Communication Technology Management; and*
n) *Supply Chain Management*

Action plans to implement the recommendations of Internal Audit were developed and are being implemented, as agreed to by Management.

The interim financial statements were not submitted for audit purposes because AGSA was still auditing the municipality by March 2021 for the financial year 2019/2020.

1.3.5. Effectiveness of Internal Audit Activity

The Committee has approved the Internal Audit Charter, the three-year rolling plan as well as the Annual Audit Plan for the financial year ended 30 June 2021. The Committee monitored and evaluated the implementation of the internal audit plan and provided feedback to management on the work performed by the Internal Audit unit. The Committee reports and confirms that the internal audit plan for the year ending 2020/2021 was not fully implemented due to the interim financial statements not submitted for audit purposes. The Committee commends the Internal Audit Unit for its commitment and perseverance in executing their functions.

1.3.6. Review of Annual Financial Statements

The Committee has reviewed the 2020/2021 annual financial statements of the municipality before submission to the Auditor General South Africa (the AGSA) for auditing and was satisfied that they were accurate and complied with applicable reporting framework. The Committee reports that the municipality's unaccounted water losses, defaulting debtors and non-compliance with supply chain regulation remain a challenge to its financial viability.

The Committee further appreciated that the municipality managed to prepare annual financial statements in-house, without involving a service provider, an aspect that was commended by the Office of the Auditor General.

The Committee reviewed and recommended the approval of the Annual Financial Statements, and Council approved the statements for presentation to the AGSA at a Council sitting of 27 August 2021.

1.3.7. Performance Management

The municipality has systems in place to manage performance in line with the National Treasury Framework for Managing Programme Performance Information. Performance is reviewed periodically and reported as required. However, the municipality was not able to achieve all its planned objectives of service delivery due to late appointment of service providers and continuous closure of offices.

The Committee would like to impress upon management to pay more attention to the findings raised by the Internal Audit and Auditor General South Africa regarding performance information. More so, the Committee has impressed upon Management to ensure that all POEs are submitted for all performed activities.

1.3.8. Risk Management

The Risk Management Committee has been established by the Accounting Officer to review the municipality's system of risk management. The municipality was advised to develop clear guidelines and documented procedures to incorporate risk management into the municipality's strategic planning processes, and the development of performance measurements on an operational level to promote the integration of risk management into its day-to-day operations. While noting the above, the Audit and Performance Committee has noted the improvement by management in respect of Risk management issues. The Committee had also recommended to the Accounting Officer to ensure that Risk Management should be incorporated into the Performance Agreement of all the Section 56/57 Managers, for the purpose of adequate implementation. The Committee further commended the Management for developing and incorporating the Covid-19 Risk Management Strategy into the Municipal functions.

1.3.9. The quality of In-year Management and Quarterly Reports

The Committee was gravely concerned with the late submission of reports to be discussed at Audit and Performance Committee meetings. Some of the reports were not checked for quality and correctness by Directors and the Accounting Officer. Despite quarterly advice to management to quality check their reports before submitting, some reports were still of a poor quality and lacked relevant information to enable the Committee to discharge its oversight role fully. The Committee insisted that Management must ensure that all reports submitted are quality checked before submission to every meeting.

1.3.10. Auditor General South Africa (AGSA)

The Committee was satisfied that the staff members of the AGSA who conducted the audits were independent of the municipality. The Committee concurs with and accepts the conclusion and the audit opinion of the AGSA on the annual financial statements and recommends that the audited annual financial statements be read together with the audit report issued by the AGSA

1.3.11. Conclusion and appreciation

The Committee wishes to express its appreciation to the Executive Mayor, the MMC Finance, Chairperson of MPAC, the Municipal Manager, Directors and their teams for their courtesy and kind assistance during the financial year. The Committee further wishes to encourage Management to ensure that all findings identified during all internal audit exercised, are addressed adequately to avoid any recurrences.

On behalf of the Audit Committee

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Chairperson of the Audit Committee:

Mr J. Ngobeni

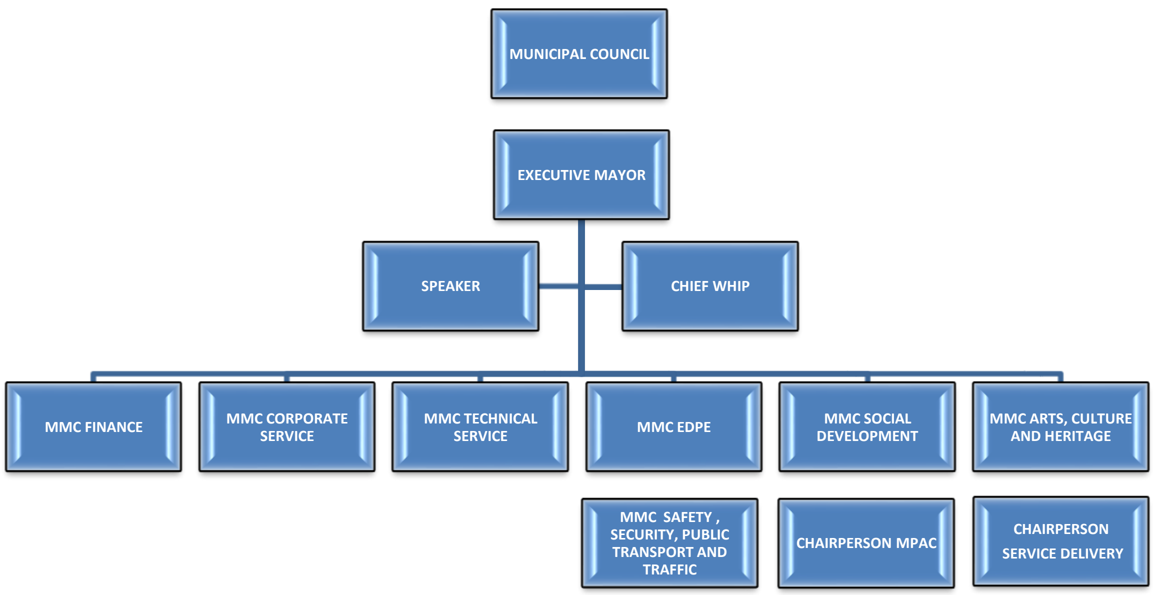
CHAPTER 2: GOVERNANCE

The governance structure in this Annual Report is divided into four sections:

- Component A: Political Governance Structure
- Component B: Socio-Economic Profile
- Component C: Service Delivery Performance
- Component D: Organisational Development Performance

2.1 COMPONENT A: GOVERNANCE STRUCTURE

2.1.1. POLITICAL GOVERNANCE STRUCTURE



2.1.1.1. LIST OF COUNCILLORS IN 2020/2021

Executive Mayor: Nxumalo Cecilia Sylvia

Speaker: Cllr Raganya Ruth

Chief Whip: Cllr Malomane Leonard Mphikeleli

- SOCIAL DEVELOPMENT COMMITTEE

MMC: Cllr Mokoena Butinyana Krisjan

Members

Cllr Nkuna Lot Mkhungeni
Cllr Khoza Luzile Engrate
Cllr Maatsie-Mlambo Vernecia Thandiwe
Cllr Mnene Filita
Cllr Mathebula Mavis
Cllr Tivane Nelson Wisane
Cllr Thobakgale Hamilton Phillip (Expelled November 2020)
Cllr Mnisi Canuel

- CORPORATE SERVICES

MMC: Cllr Mathebula Sylvia

Members

Cllr Malibe Lebelelang Reineck
Cllr Malibe Tiny Dikeledi
Cllr Shilane Michael Phili
Cllr Mathebula Asnath Maduva
Cllr Mbhandze Freddy
Cllr Mnisi Mkoli Louis
Cllr Malahle Canny
Cllr Molobela Cedrick
Cllr Makhubedu Tshidiso

- SPORTS, ARTS, CULTURE AND HERITAGE

MMC: Cllr Nkuna Busani Violet (Deceased January 2021)

Members:

Cllr Siwela Punkie Florence

Cllr Sebatane Grinos

Cllr Zitha Robert Secheni

Cllr Gumede Malamule Prince

Cllr Phelepe Martina Sphelele

Cllr Mokoena Patrick Delta

Cllr Khumalo Selina

Cllr Malatjie Pitso

- FINANCE AND SUPPLY CHAIN

MMC: Cllr Selowe Phineas Tinyiko

Members:

Cllr Nxumalo Themba Arnold (deceased May 2021)

Cllr Ngomane Thembinkosi William

Cllr Mzimba Virginia Nkhensani

Cllr Mhlaba Rabie Shikwavo

Cllr Gubayi Patricia

Cllr Malope Shila Motlagomang

Cllr Qhibi Rhulani

Cllr Pilane Khunjulwa Pearl

Cllr Ndlovu Mavis Lorraine

Cllr Mthombeni Leonard

Cllr Chadi Surance

Cllr Hlatshwayo Welcome

Cllr Matjie Linky

- TECHNICAL SERVICES

MMC: Cllr Malandule Bhunu Witness

Members:

Cllr Nyundu Eckson Mbanzu

Cllr Sambo Gram Lefokisi Donald

Cllr Mdluli Duladula Vanryn

Cllr Mathebula Obed

Cllr Mkansi Winny Meriam

Cllr Seerane Allios

Cllr Mhaule Luther

Cllr Dube Inkie

- ETHICS COMMITTEE

Speaker: Cllr Raganya Ruth

Members:

Cllr Khoza Luzile Engrate Whip

Cllr Malibe Tiny Dikeledi

Cllr Ndlovu Mavis Lorraine

Cllr Mathebula Mavis

Cllr Makhubedu Tshidiso

- MPAC COMMITTEE

Chairperson: Cllr Mapiyeye Mandla Adolph

Members:

Cllr Dube Khangezile Inkie

Cllr Mashava Ivy Shandow

Cllr Malope Shila Motlagomang

Cllr Tivane Nelson Wisane

Cllr Mzimba Virginia Khensani

Cllr Mnisi Mkoli Louis (Whip)

Cllr Sihlabela Helman Ezekiel

Cllr Mthisi Cutberry Robert

Cllr Mnisi Freddy

- WHIPERY COMMITTEE

Chief Whip: Cllr Malomane Leonard Mphikeleli

Chairperson: Cllr Mhaule Sydwel

Secretary: Cllr Mathebula Girly

- AGENDA COMMITTEE

Cllr Malebe Reineck

Cllr Mhlaba Rabie Shikwavo

Cllr Mashaba Ivy

Cllr Thabane Nonhlanhla

- SERVICE DELIVERY COMMITTEE

Chairperson: Cllr Malebe Reineck

Cllr Ngomane Thembinkosi William

Cllr Mathebula Asnath Maduva

Cllr Sambo Gram Lefokisi Donald

Cllr Malatjie Owen

Cllr Nyundu Eckson Mbanzu

Cllr Thabane Nonhlanhla Priscilla

- COMPILATION OF MONTHLY REPORTS

Cllr Malebe Reineck

Cllr Mhlaba Rabie Shikwavo

- BUDGET AND TREASURY STEERING COMMITTEE

Chairperson: Cllr Nxumalo Sylvia

Cllr Raganya Ruth

Cllr Malomane Leonard Mphikeleli

Cllr Selowe Phineas

- LABOUR FORUM

Cllr Mathebula Sylvia

Cllr Malebe Reineck

Cllr Malomane Leonard

- ENVIRONMENTAL DEVELOPMENT PLANNING AND ECONOMIC AFFAIRS

Chairperson: Cllr Lekhuleni Lizah

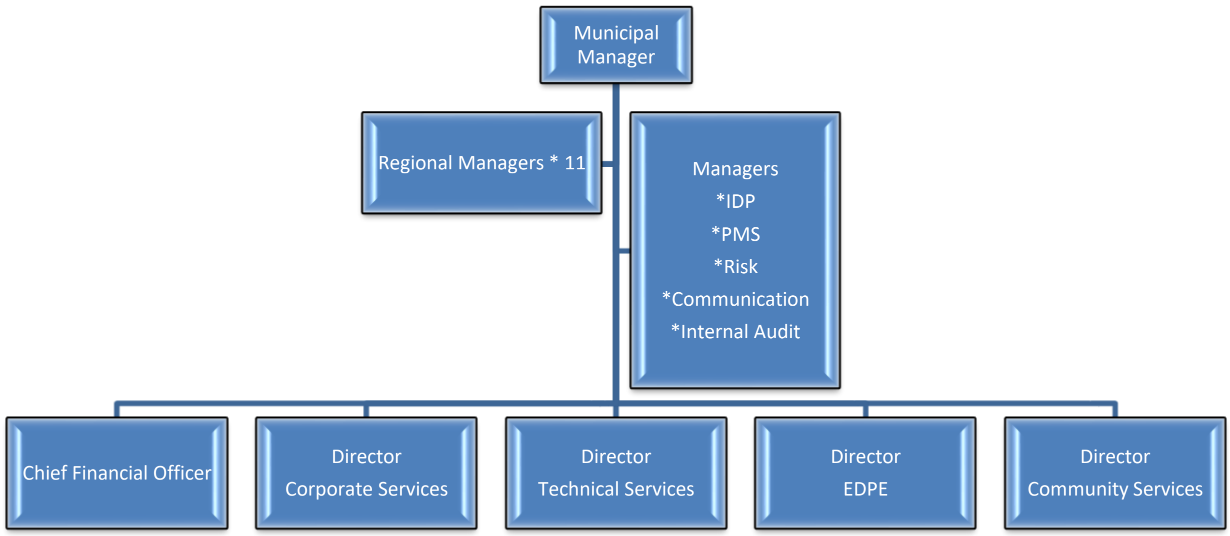
Cllr Sihlabela Helman Ezekiel
Cllr Makhubela Oscar Samson
Cllr Mthombeni Isaiah Leonard
Cllr Mangani Matthew
Cllr Thabane Nonhlahla Priscilla
Cllr Maatsie-Mlambo Venecia
Cllr Moraba Bafedile Festa
Cllr Mashava Ivy
Cllr Mashile Elsina (Expelled September 2020)

- PUBLIC SAFETY. DISASTER MANAGEMENT AND DLTC

Chairperson: Cllr Girly Mathebula

Cllr Leshaba Pienaar
Cllr Mangani Matthew
Cllr Nonyane Dudu Constance
Cllr Ndlovu Mavis Lorraine
Cllr Maunye Micca
Cllr Chiloane Lesiba Billy
Cllr Mathebula Glory
Cllr Pilane Khunjulwa Pearl
Cllr Malomane Suzan
Cllr Moropane Godfrey
Cllr Namane Chutie

2.1.2. ADMINISTRATIVE GOVERNANCE STRUCTURE



2.2. COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2.1. SOCIO-DEMOGRAPHIC PROFILE

The information contained in this section provides an understanding of the key social, economic, physical, and environmental features of the Municipal area and their impact on spatial and sustainable development.

The precise Bushbuckridge population statistics remains a challenge and the statistics on this report are based on the information provided by Statistics South Africa.

2.2.2. POPULATION SUMMARY

The population of Bushbuckridge Local Municipality was 545 811 according to the Statistics South Africa 1996 Census, then the 2001 census shows that there was decrease to 500 128 in population. There was an increase in population in the 2011 census as the number rose to 541 248.

The Mpumalanga Socio Economic Report conducted by the department of economic development has projected population of Bushbuckridge municipality at 572 263 in 2020. And this shows that the municipality is the 3rd largest population among Local Municipalities, with 10.3% of Mpumalanga population. Contributing factors might be the fertility & mortality rates, migration, and influx to increase residential and business development in the municipality as a result of neighbouring countries such as Mozambique and Zimbabwe.

The overall unemployment rate was 53.9%, with a very high youth unemployment rate of females of 51.7%. The population of the BLM has been affected by the HIV & AIDS pandemic that plunged the municipality into poverty and child-headed families. The level of unemployment according to the results for community survey indicate that 67 152 people are unemployed. The municipality has therefore developed an indigent register to respond to the poverty and unemployment rate of Bushbuckridge Local Municipality citizens.

2.3. COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3.1. PUBLIC MEETINGS

Bushbuckridge Local Municipality developed a process plan for the development of the IDP for 2020/21. The process plan was circulated internally to directorates for comments and inputs before it was adopted by Council. The Municipality advertised the public meetings as per the MSA no. 32 of 2000.Ward councillors were requested to inform all the stake holders in their wards. Traditional leaders, community members, NGOs, Parastatals, and Sector Departments were invited to attend the public meetings.

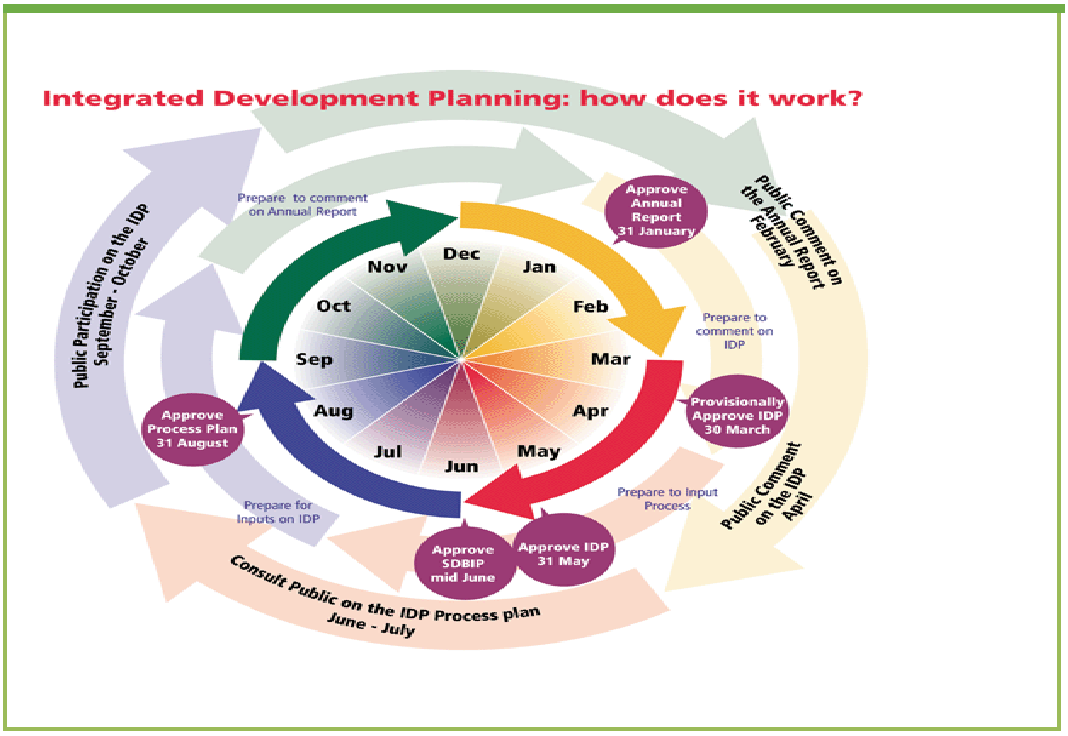
2.3.2. IDP PARTICIPATION AND ALIGNMENT

The municipality conducted extensive Community Based Planning and GIS mapping. The process was inclusive of major stakeholders in the municipal area. Ward Councillors, ward committees and CDWs were requested to review their Community Based Planning documents in consultation with the community.

2.3.2.1. THE IDP PROCESS

The figure below highlights the IDP 2020/2021 process that was adopted by the municipality.

Figure: IDP Process



2.3.2.2. IDP Performance Report Matrix

The processing of the Integrated Development Planning process during 2020/21 was done as follows:

2.3.2.2.1. Approval Phase

The 2020/21 (Draft) IDP was tabled to all portfolio committees, Mayoral committee on the 17 March 2020 and to Council on the 29 March 2020 with council resolution **(BLM132/29/03/19/2018/2019).** After the adoption of the draft document, the municipality started with the advertising process of the public participation dates and the draft document. The document has been placed on the municipal website and in all 11 regional offices of the municipality. The final IDP document was approved on the **29 May 2020** with Council resolution number: **BLM105/29/05/2020/2019/2020**

IDP PERFORMANCE STATEMENT	YES	NO	REMARKS
IDP approved by Council and implemented	√		Adoption date **29 May 2020**
Approved IDP seen as the single, inclusive, and strategic plan for the municipality	√		IDP aligned with Budget and SDBIP 2020/2021
IDP prepared within set timeframes, is the approved IDP seen as the single, inclusive, and strategic plan for the municipality	√		IDP 2020/2021 implementations to end on June 2021.
IDP includes all core components of MSA	√		MSA 2000 Chapter 5
The community needs to be prioritised at ward level	√		Public Participation Processes

SDF approved (date) prior to IDP approval by Council	√		SDF approved in 2017
Sector plans were prepared and included in the IDP	√		6 Sectoral plans attached on IDP
IDP process plan	√		**BLM105/29/05/2020/2019/2020**
IDP resolution number	√		**BLM105/29/05/2020/2019/2020**

2.3.2.3. IDP Achievement

The 2020/2021 IDP met all the requirements set- out by COGTA, and it was regarded as a credible IDP document.

The municipality managed to address all the issues and gaps identified during the development of the IDP and the Sectoral plans. For this reason, two sectoral plans were reviewed in the 2020/2021 financial year, and these are the Municipal LED strategy and the disaster management plan. The Comprehensive Infrastructure Plan (CIP) that consists of the water plan, roads plan and sanitation plan as well as the SDF review and ensuring that the environmental plan and the human resource strategy are in place, and they were reviewed during 2020/2021.

During the planning process, the ward committees, Councillors and CDWs, traditional leaders, NGOs and sector departmental representatives were present to represent all the 38 wards. The steering committee prioritized all needs and projects were formulated out of the identified needs. The technicians did the projects' cost estimates on the IDP under the Project Management Unit.

Council approved the 2020/2021 IDP document on the 29th of May 2020 and it was submitted to the MEC of Cooperative Governance and Traditional Affairs for comments.

2.3.2.4. Challenges on IDP processes

The Municipal experienced the following challenges during the implementation of the IDP process plan:

- Lack of Intergovernmental Relations Forums.
- Poor participation of sector departments on IDP forums that resulted in a lack of integration of plans between the municipality and sector departments.
- Poor communication between the sector departments and the municipality that resulted in planning disjointedly.
- Inadequate funding to implement the IDP and to respond to the basic service needs of the communities.
- Project costing and budgeting
- Non-availability of funds to fund capital projects
- Poor revenue collection

2.4. COMPONENT D: CORPORATE GOVERNANCE

2.4.1. RISK ASSESSMENT

The Risk Management Committee has been meeting regularly on a quarterly basis under the independent chairperson appointed by the Accounting Officer. Risk assessments of all departments were completed and measured to mitigate all risks internally and externally. Action plans both strategic and operational were developed to monitor, manage, and mitigate the risks**.**

The Accounting Officer established OHS Covid-19 committee in line with Covid-19 regulations announced by President Cyril Ramaphosa. The OHS Committee has been meeting and issuing reports regularly. The committee also managed to develop OHS Covid-19 Risk Assessment for the year ended 30 June 2021.

2.4.2. ANTI-CORRUPTION AND FRAUD

In the year 2020/2021, the municipality developed Anti-Corruption Strategy and Fraud Prevention Plan because of the expressed commitment by Government to fight corruption. Fraud represents a significant potential risk to the Bushbuckridge municipality assets, service delivery efficiency and reputation.

2.4.3. INTERNAL AUDIT

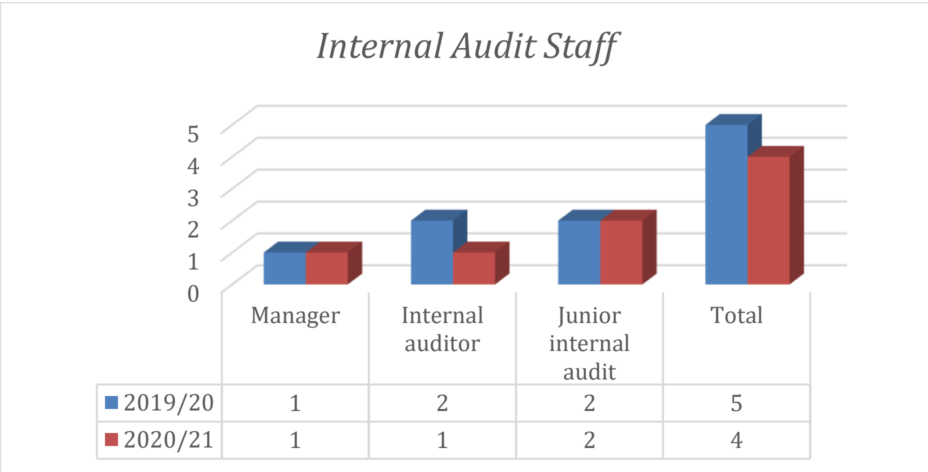
2.4.3.1. BACKGROUND

The municipality has its own internal audit unit. Internal audit addresses in particular, issues of governance, risk management and internal control. The Internal Audit functions independently and it is headed by a manager who reports administratively to the Municipal Manager and functionally to the Audit and Performance Committee. Internal Audit assignments performed in-house and co-sourced.

2.4.3.2. COMPOSITION OF INTERNAL AUDIT

To provide a focused and industry-specific audit service, the Internal Audit section has a dedicated team of auditors that provide internal audit services. The benefit of this set up is that the municipality receives advice from internal auditors who are well acquainted with systems and processes within the municipality. Internal Audit performs its duties according to its approved charter, which is reviewed on an annual basis

The graph below presents the staffing of Internal Audit division:



2.4.3.3. INTERNAL AUDIT SCOPE OF WORK

The scope of work of the Internal Audit is to determine whether the municipality's risk management, control, and governance processes, as designed and represented by management, is adequate and functions in a manner to ensure that the following aspects are addressed:

Risks are appropriately identified and managed.

a) Appropriate reporting and communication with the various governance groups occurs effectively.
b) Significant financial, managerial, and operating information is accurate, reliable, and timeous.
c) Significant financial, managerial, and operating information is accurate, reliable, and timeously.
d) Employees' actions are following policies, standards, procedures and applicable laws and regulations.
e) Assets are safeguarded, used efficiently, adequately protected and verified.
f) Resources are acquired economically, used efficiently, and are adequately protected.
g) Economic and efficient management of the entity's financial, human, and other resources and the effective conduct of its operations.
h) Programs, plans and objectives are achieved.
i) Quality and continuous improvement are fostered in the municipality's control process.
j) Significant legislative or regulatory issues impacting on the municipality are recognized, addressed appropriately and timeously and compliance is ensured.

2.4.3.4. INTERNAL AUDIT WORKING HOURS

Table below reports the working hours of internal auditors during 2020/2021 financial year.

AUDIT PERFORMANCE ACTIVITIES	HOURS	OUTCOME
Re-Visiting Current Risk Profile and Priorities	8	Satisfactory
Compiling Strategic Audit Plan and Annual Plan	24	Satisfactory
Performance Audits (PMS/IDP/SDBIP)		
First Quarter	100	Satisfactory

AUDIT PERFORMANCE ACTIVITIES	HOURS	OUTCOME
Second Quarter	80	Satisfactory
Third Quarter Ending March	100	Satisfactory
Fourth Quarter	100	Satisfactory
Alignment of SDBIP, IDP and Budget	100	Unsatisfactory
		Follow Up Audits
Action Log	320	Unsatisfactory
Ad-Hoc Audits	400	Unsatisfactory
		Finance
Assets Infrastructure Management	380	Unsatisfactory
Supply Chain Management	740	Unsatisfactory
DORA Compliance review	100	Satisfactory
MFMA	100	Satisfactory
Annual Financial Statement	40	Satisfactory
		Corporate Services
Leave management	320	Unsatisfactory
Payroll Management	300	Unsatisfactory
Information and Communications Technology	200	Unsatisfactory
Occupational Health and Safety Management (Covid-19)	420	Unsatisfactory

AUDIT PERFORMANCE ACTIVITIES	HOURS	OUTCOME
Technical Services		
Water and Sanitation Management	260	Unsatisfactory
Office of The Municipal Manager		
Governance	300	Satisfactory
Total Hours	4360	

2.4.3.5. OPERATIONAL PLAN

2.4.3.5.1. Risk-Based Audits

The objectives of risk-based types of audits are to evaluate the adequacy and effectiveness of controls in respect of key risks and business processes (linked to the strategic objectives and prioritised organisational risks of the Department).

The municipality's Risk-Based Audit plan is developed separately for each Directorate based on the Directorate's identified risks and risk profile as assessed by the municipality's management team.

A risk assessment was performed in May/June 2020. The municipality's Annual Internal Audit plan is based on the results of the Directorate's risk assessment workshops held. The results of the risk assessments were recorded and summarised in a risk matrix report to provide a holistic view of risk and the planned internal audit assurance to be provided to the municipality. The output of the risk assessment process was used to develop the Rolling 3 Year Strategic Internal Audit Plan, as required by Treasury Regulation 3.2.7, by:

- Identifying and allocating a priority ranking to the respective risk areas.

- Based on experience, establishing the need and appropriateness for the specific types of audits/reviews.
- Assessing the level of audit skills required and estimating resources required for each type of audit/review.
- Determining the timing of the respective audits/reviews.

The Risk- Based Audit Process Includes the Following:

Preparing/updating the process documentation to extend the understanding of the process. This includes.

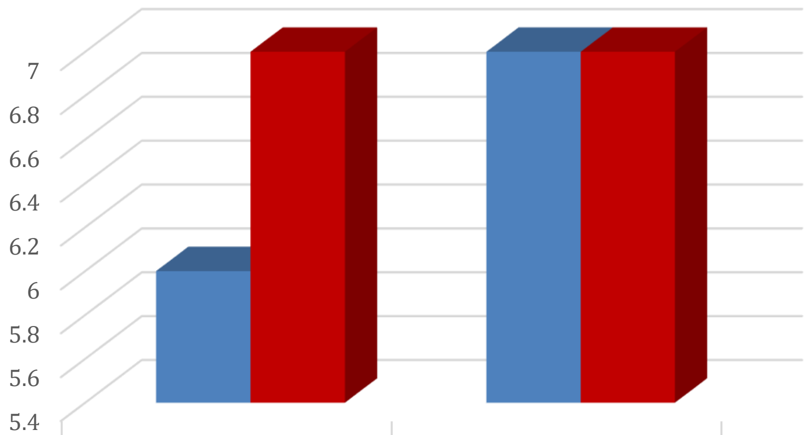
- The identification of the process-level objectives, risks and controls
- Evaluating and testing the controls currently in place
- Confirming the factual correctness of findings with management
- Reporting recommendations for improvement of controls where applicable, and
- Assessing management's corrective actions.

The following were also done during the financial year

- Review of the Audit Committee Charter.
- Review of the Internal Audit Charter.
- Review of the Internal Audit Manual.
- A continuous professional development plan was adopted at the beginning of the financial year and was implemented.

2.4.3.6. FUNCTIONING OF THE AUDIT COMMITTEE

An Audit and Performance Committee was successfully established comprising of external members and effectively function. An Audit and Performance Committee Charter was approved and adopted by Council and the respective number of meetings held as per graph below:



	Audit Com Member	Audit Com Meetings
2019/2020	6	7
2020/2021	7	7

2.4.3.6.1. Audit Committee Members

Mr Ngobeni Jasper- (Chairperson)

Ms Sithole Khethiwe (CA) SA) -(Member)

Mr Keyser August- (Member)

Ms Mokgope Phetego -(Member)

Dr Madzivhandila Thanyani -(Member)

Ms Patience Ntuli (CA)SA)-(Member)

Adv. Geraldine Khoza- (Member)

2.4.3.6.2. Conclusion

This report serves as an achievement by the Municipality to report progress made in terms of service delivery KPAs and other related KPAs discussed in the report. The management of the BLM has ensured accurate reporting and submission of accurate data that made it possible for the PMS Unit to consolidate and report against the five Key Performance Areas. It is anticipated that this report will do justice to the situation on the ground and that it will achieve what it set out to achieve.

2.4.4. MUNICIPAL OVERSIGHTS COMMITTEES

The Annual Report highlights that the Municipal Council has played its oversight role and conducted all ordinary Council sittings and two special Council sittings during the 2020/2021 financial year. The approved Municipal IDP remained the primary tool that guided and informed planning, budgeting, managing, and making informed decisions in the municipality. The Municipal Council capacitated the MPAC to execute its oversight role and took action to address financial and administrative challenges.

Council developed and adopted sectoral plans for the smooth implementation of the IDP. The implementation of Council resolutions and reports were submitted to Council quarterly to update Council about status of all resolutions. The Municipal Council received reports from the audit committee for functionality and responsiveness on financial and performance management of the BLM

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1. BACKGROUND

This section presents the overall performance of the BLM across all the service delivery lines offered by the Municipality in terms of the Key Performance Areas.

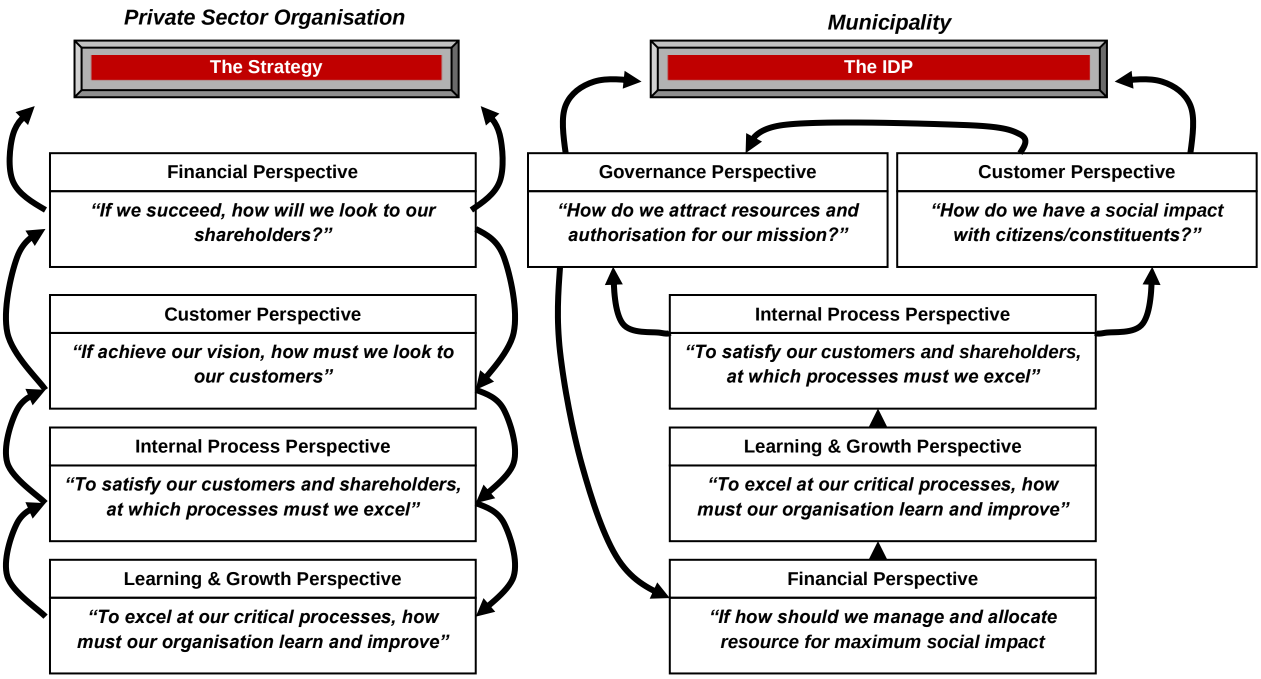
i. Municipal Transformation and Organizational Development
ii. Infrastructure Development and Delivery
iii. Local Economic Development (LED)
iv. Municipal Financial Viability and Management
v. Good Governance and Public Participation

3.2. PERFORMANCE MANAGEMENT

Bushbuckridge Local Municipality adopted the Balanced Scorecard for monitoring the implementation of the IDP. The organisation scorecard for the 2020/2021 financial year has been developed and designed in accordance to the balanced score card principles, National treasury guidelines and best practices. The municipality based its 2020/2021 SDBIP on the approved IDP and budget.

The municipality approved the 2020/2021 SDBIP and revised it during budget adjustments. The Accounting Officer and the members of the Mayoral Committee conducted quarterly performance reviews. Internal workshops were conducted to capacitate employees to develop measurable indicators and compilation of performance portfolios of evidence.

The below figure illustrates the balanced scorecard model that the municipality adopted:



3.2.1. The Performance Management Process

The figure below presents the process followed by the municipality to manage its organisational performance. The planning processes were completed on time. Reasons for variance and remedial measures have been reported for each project on the Annual Performance Report 2020/2021

Policy and Framework	Performance Management Committee	PMS		Annual Performance Report				
		S56 appointees	All Staff	Performance agreements signed	Comparisons previous F/Y	Service delivery priority	Performance targets	Improvement measures
√	√	√	√	√	√	√	√	√

3.2.2. Challenges For the Performance Management Process

The PMS unit managed to fill the position of OPMS officer which was vacant in the previous financial year. Filling of the vacancy improved the performance of the unit. PMS unit further experienced a reduction in its human capacity in the financial year under review due to resignation of the unit Manager.

3.2.3. Remedial Actions

- The municipality will follow the guidelines provided by the National Treasury in setting its performance standards and targets.
- The municipality will fully utilise the electronic performance management system.
- The municipality will prioritise the filling of critical positions with suitable and qualified officials to improve service delivery and proper monitoring of the performance.
- The senior management of the municipality must prepare monthly reports in line with the SDBIP to detect poor performance on time.

3.3. SERVICE DELIVERY PERFORMANCE: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

3.3.1. INTRODUCTION

Performance Analysis reflects that the municipality has managed to carry out its mandate by ensuring that infrastructure projects, as well as operation and maintenance programmes as guided by the IDP were implemented.

This section of the report addresses progress made; challenges experienced as well as interventions undertaken by the municipality.

3.3.2. RENDERING OF FREE BASIC SERVICES

3.3.2.1. Free Basic Electricity

The municipal council approved 2 307 indigent household beneficiaries and was submitted to Eskom for implementation. In the 2020/21 financial year, the indigent households benefited 50 units of free basic electricity every month.

3.3.2.2. Free Basic Refuse

In 2020/2021, The municipality procured a skip loader truck, compactor truck, 300 households bins and 15 skip bins. The total households that received waste removal services were 43 102 by the end of 2020/2021.

3.3.2.3. Free Basic Water and sanitation

The municipality provides water to villages without formal water reticulation through water tankers and boreholes. All households benefited from the free 6kl water as per the Water Services Act. The municipality provided 1500 ventilated improved pit latrines (VIP) by end of 2020/2021 to households in villages without waterborne sanitation.

3.3.2.4. Challenges on Service Delivery

- The Municipality regularly encounters infrastructure vandalism, especially with water infrastructure, e.g., unauthorized water connections and theft of borehole equipment.
- High water losses in the Municipality caused by aged infrastructure that needs special attention with a budget to rectify the problem.
- Infrastructure backlogs are still high in most settlements, and it will still take more time to eradicate them due to insufficient budget or funds.
- Basic infrastructure development is dependent only on grants funding which is limited.
- There is very limited yellow fleet to mend the Municipality's gravel roads and utilization in the maintenance of water and sanitation infrastructure
- High illegal dumping

3.3.3. IMPLEMENTATION OF SECTION 78 RECOMMENDATION

The Municipality has taken over the bulk water supply function from Rand Water as from the 1st of July 2019, and 137 employees who were directly involved with the provisioning of bulk water supply were transferred to the Municipality. The Municipality has reviewed its organogram in line with section 78 recommendations.

The water services are divided into three Schemes: 1. Inyaka Acornhoek Scheme, the Scheme Manager will be located at Inyaka Treatment Works. 2. Thulamahashe Ludlow Scheme, the Scheme Manager will be located at Thulamahashe Regional Office. 3. Mkhuhlu Marite Scheme, the Scheme Manager will be located at Mkhuhlu Regional Office. The Municipality has started with the process of registration of all Water Treatment Works and

Wastewater Treatment Works with the IUCMA. The draft water service by laws has been approved by Council for public consultation and Gazetting.

3.3.4. HOUSING PROJECTS

The Municipality has limited responsibilities when it comes to housing provision, which includes beneficiary management of the applications and building inspections. The beneficiary list is updated on regularly basis due to the backlogs and changes on residents' status.

3.3.5. ROADS/STREETS AND CONSTRUCTION OF BRIDGES

3.3.5.1. Status quo

The Municipality has an approximate total length of 4 640 km network of roads or internal streets, which approximately 91.9% (4 266 km) is gravel streets and 8.1% (374km) is asphalt surfaced and paved. The Municipality has re-gravelled access streets that lead to graveyards, clinics and schools through the Routine Maintenance Program and Municipal Support Program. The Municipality has completed nine (9) internal streets with 22.10 km during 2020/21 financial year.

3.3.5.2. Challenges and possible solutions /improvement measures for roads and streets projects

CHALLENGES	SOLUTIONS/ IMPROVEMENT MEASURES
i. Insufficient human resources to maintain roads infrastructure and monitor maintenance projects ii. Insufficient machinery to maintain gravel roads iii. A huge backlog of unsurfaced roads iv. Poor storm water drainage system within the R293 towns v. Unavailability of roads master plan	i. Filling of vacant positions in the road's unit including heavy machinery operators. ii. Additional procurement of machinery iii. Development of roads master plan

3.3.6. PROVISION OF PUBLIC LIGHTING

The municipality has erected 65 high masts lights in 2020/21 financial year, but were all not energised due to insufficient budget to pay Eskom. Energizing will be done in the next financial year

3.3.6.1. Electrification of Households

The Municipality did not implement electrification projects in the financial year 2020/21.

3.3.7. PUBLIC AMENITIES

I. The services of public amenities are allocated to different regional offices. Communities are applying for utilisation of Municipal sports fields and halls and payments are enforced as per the Municipal tariff policy.
II. The Municipality has practically completed the construction of Acornhoek Sport Facility phase 1, with artificial pitch scope of work, Subsoil drainage and retaining wall.
III. The municipality has planned to continue with phase two of the project of which the scope of work will include amongst other, the construction of grandstands, athletic tracks, ablution blocks, change rooms, septic tank, and sewer reticulation, storm water management, parking, guardrooms, offices, and fencing.
IV. The municipality has appointed a contractor for maintenance of Thulamahashe Stadium in the financial year 2020/21 and works are expected to be completed by 2021/22.

3.3.8. ACCESS TO WATER

Bushbuckridge Municipality has an estimated total number of 180 000 households of which 142 203 households had access to water at the end of 2020/21 financial year. The Municipality has reduced the backlog in the financial year 2020/21 by 11 607 households.

3.3.9. SANITATION

The Municipality has completed 1500 VIP from different wards by June 2021, with 1200 completed in 2019/2020 and 300 2020/2021 respectively. The upgrading of Maviljan Wastewater Treatment Works was at 60% construction progress by June 2021 and has an estimated completion date of November 2021. The upgrading of Mkhuhlu wastewater treatment works was at 25 % construction progress by end of June 2021 and is estimated to be completed by October 2021.

3.3.10. PROGRAMME GOALS AND OBJECTIVE ON MIG

The MIG programme is about planning and delivering Municipal infrastructure basic services. It is an integral part of the infrastructure development function of a Municipality. The objective of the MIG programme is to provide all citizens with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor.

3.3.11. LIMITATIONS AND WEAKNESSES

i. The funds can't be used for maintenance.
ii. It is mainly utilised for basic infrastructure in previously disadvantaged areas
iii. Building new infrastructure and rehabilitating existing infrastructure (i.e. reconstruction of infrastructure which has reached its lifespan)

3.3.12. SERVICE DELIVERY CHALLENGES

i. Insufficient budget to address all basic services backlog
ii. Aged workforce especially on water services
iii. insufficient yellow fleet
iv. high vacancy rate

NUMBER	LIMITATIONS AND CONSTRAINTS
1	Community and labour strikes
2	Late completion of projects by service providers

3.3.13. REMEDIAL MEASURES

NUMBER	MEASURES TO BE TAKEN BASED ON LESSON LEARNT
1	The community should be fully engaged/involved from start to finish of the projects to avoid strikes.
2	Penalties should be applied to service providers that fail to complete projects on time

3.4. LOCAL ECONOMIC DEVELOPMENT AND PLANNING

3.4.1. INTRODUCTION

This section of the report set out to evaluate the performance of municipality in the development and implementation of LED strategy as well as in the development of structures required to meeting the challenges.

The 5-year local government strategic agenda requires that all provinces conduct LED capacity assessments of all their municipalities. The municipality successfully conducted both a capacity assessment and status quo report of LED unit. To this end, the report reveals that the municipality has reviewed its LED strategy and is under implementation besides the challenges and constraints experienced.

Bushbuckridge Local Municipality has a decisive and impenitent role to play in shaping its economic destiny. Local Economic Development (KPA 3) is listed as one of the five key performance areas in the local government system. It has been proven that investment can only take place where the potential and competitive advantages of the various local economies are mapped and harnessed, known and exploited. The municipality play a critical role that entails harnessing diverse stakeholders for the realisation of the economic development of the area and implementation of LED strategy and plans.

3.4.2. ECONOMIC DEVELOPMENT

Economic development remains amongst the priority areas of the municipality due to the unacceptable levels of poverty and unemployment in the area.

Regulations of Informal Trading: Over the previous years, there has been mushrooming of informal trading within the municipal area. Although the sector contributes positively to job creation and poverty alleviation, it is necessary to ensure some support and control for purposes of proper management and sustainability. As a result, the municipality identified and prioritized the need to regulate this sector by developing an informal trading policy and business trading by-laws in this regard.

3.4.3. PROGRESS

There has been some improvement in the implementation of LED strategy and job creation. Performance of the Directorate has been reported on the annual performance report 2020/2021.

3.4.4. NUMBER OF JOBS CREATED THROUGH LED AND INFRASTRUCTURE PROGRAMMES

Job creation is one of the important indicators of LED. The table below reflect the total number of jobs created in three financial years. Reasons for variances on job creation are reported on the annual performance report 2020/2021

Financial Year	PLANNED	ACTUAL
2018/2019	3000	3719
2019/2020	4000	3736
2020/2021	3000	4217

3.4.5. STRUCTURE & LOCATION OF LED UNITS WITHIN THE MUNICIPALITY

The LED National Framework 2006 to 2011 requires that LED must be strategically located within the municipal organogram, as part of the municipal Key Performance Area (institutional development and transformation, financial viability and management, good governance and public participation and municipal service delivery). The current positioning of the LED unit is in line with the LED National Framework. The table below reflect key functions performed by this unit during 2020/2021 financial year.

Economic research	√	
Growth and Development Strategy in the process of being developed	√	

Projects profiled in the LED Strategy for implementation	√	
LED planning, implementation and monitoring	√	
Investment, business promotions and summits	√	
SMME/ Cooperative support and skills development	√	
Tourism sector promotion through workshops and awareness	√	

3.4.6. PORTFOLIO COMMITTEES AND LED FORUMS

Political leadership is very important in playing an oversight role for the implementation of LED in municipalities. Section 79 of the Municipal Structures Act allows a municipality to establish committees necessary for the effective performance of any of its functions or the exercise of its powers in this regard. The municipality has 5 section 79 committees, and they are all functional.

The table below represents the status quo in terms of aligning LED with relevant fundamental structures:

3.4.6.1. LED PORTFOLIO COMMITTEE / FORUM

	2019/2020	2020/2021
Establishment (Portfolio)	Yes	Yes
Functionality (Portfolio)	Yes	Yes
Establishment (Forum)	No	No
Functionality (Forum)	No	No

3.4.7. CHALLENGES EXPERIENCED BY EDPE DIRECTORATE

Adequate implementation of the LED strategy is weakened by slow process of releasing land for economic development and lack of the LED forum. Almost 90% of the land in the municipal area is under traditional authorities which is deemed communal land. Potential land for economic development is under land claim. Both processes of leasing, land release and restitution has got lengthy processes which frustrates investment and the municipality. Misunderstandings and lack of capacity for the leadership of claimants and traditional authorities to drive these processes remains a challenge. This is further constrained by the processes which the regional land claims commission must undergo in facilitating land restitution. Non-release of portions of land by DALRRD puts the land formalisation processes to a halt, which frustrates the issuing of title deeds to households and revenue collection.

The table below reflect the critical challenges the municipality encountered on EDPE Directorate.

Project funding and support by sector departments
No credible bankable business plans for critical projects to attract investors
Land invasion
Insufficient SMME development and support
Slow processes on land claims and land acquisitions
Lack of the LED forum
Understaffed LED unit

3.4.8. EDPE IMPROVEMENT MEASURES

Below table, reflect the mitigating factors toward the above-mentioned challenges.

Improve stakeholder coordination (Department of Land Affairs, COGTA and Traditional Authority)
Seek commitment on allocated project funding and projects monitoring by sector departments.
Conduct investors' summit and development of bankable business plans for critical projects
Conduct intensive feasibility study (research) for BLM Economic Development Agency
Fast track land claims processes by DALRRD and release of land portions to the municipality.
Filling of vacant positions and capacitation of the unit.
Political intervention on the establishment of the LED forum

3.5. COMMUNITY SERVICES

The municipality continues to invest in education through community bursary for post matric studies in institutions of higher learning of their choice. The municipality continues to offer financial support (through bursaries) to 40 additional needy learners every financial year since the financial year 2018/19.

To date 160 learners have benefited through the municipality's community bursary program to a tune of over R6 million. We continue to provide support to the bursary beneficiaries and monitor their performance.

3.5.1. INDIGENT FAMILIES SUPPORT

The municipality continues to offer support to indigent families who cannot bury their love ones through the Pauper's Burial policy guided by Regulations 32 of the act. Pauper's burial requests are first assessed in consultation with the Department of Social Development and the ward councillor to certify their qualification for support.

A substantial number of indigent families continues to benefit from the Indigent Free Basic Services like Free Basic Electricity and Free Basic Water. Registration on the Indigent Register remains open for new applications. The municipality is on a process of improving and simplifying the indigent registration process to encourage more qualifying households to apply. Once the indigent register is finalised, it is handed over to the Budget and Treasury office for further processing and use to administer free basic services (electricity and water) to the qualifying indigent beneficiaries.

3.5.2. LIBRARY SERVICES AND COMMUNITY SUPPORT PROGRAMS

The municipality in collaboration with the Department of Sports, Arts and Culture provide library services to the community of Bushbuckridge through seven (07) libraries across the municipal area of jurisdiction. Library services were disturbed and affected by the Covid-19 pandemic, as they had to close operation in line with the Disaster Management Act regulations.

The fight against Gender-Based Violence (GBV) and Femicide was on course as led by the Executive Mayor in line with the National Government Gender-Based Violence and Femicide Strategic Plan. The Community Services through the office of the Executive Mayor collaborate with other departments (SAPS, DSD, DoJ, DoCS, DoE, EDM) and stakeholders on programs that fight against gender-based violence and assist women and children to stand against any form of abuse and violation. We have structures, strategies and policies in place that assist in the fight against gender-based violence and support and protect the rights of people living with disabilities, children, vulnerable elderly, and children and the LGBTI community

3.5.3. LAW ENFORCEMENT AND PUBLIC TRANSPORT

Since the inception of the municipal traffic services, the municipality has been doing well in municipal traffic policing working together with the provincial traffic services and SAPS. We have over the years invested in traffic services tools of trade, infrastructure, and human capital. Our By-law enforcement unit continues working with other law enforcement agencies to enforce compliance from the retail business point of view and compliance to legislations. We must indicate that the question of land invasion and illegal allocation of stands put a strain on the By-law enforcement unit.

The municipality has commissioned a study on the municipal transport plan, and it shall be concluded in the 2021/22 financial year. The plan will assist the municipality in transport planning, budgeting, and implementation in line with the District Development Model. We will continue working with the Taxi Industry to upgrade and support our public taxi ranks

3.5.4. FIRE AND RESCUE AND DISASTER MANAGEMENT

The Fire and Rescue services remains a critical unit of the municipality that provide crucial services with very limited resources and under very strenuous conditions. Gradually we are investing in fire and rescue equipment as well as human resource in this unit.
The municipality through the Fire and Rescue services and the Disaster Management unit provide awareness campaigns on fire drills, water drawing and disaster management to our communities. The unit plays a significant role in the municipal revenue collection base through the inspections and issuing of compliance certificates to businesses.

3.5.5. SPORTS, ARTS, CULTURE AND MORAL REGENERATION

Bushbuckridge is a very diverse municipality from a culture, arts, and sport point of view as we have three predominately ethnic groups: the Swati's, Mapulana and Shangaan. The municipality continues to observe, encourages, and create platforms for sports, arts, and cultural activities to flourish. We budget and fund arts, culture
And moral regeneration programs.

In the quest to fight social ills within our communities, the municipality through the Executive Mayor continues to mobilise the communities around issues of faith and moral generations. We hold interfaith prayer programs and continuously attend to the district and provincial moral regeneration programs.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1. SECTION A: WORKFORCE PROFILE AND CORE & SUPPORT FUNCTIONS

The Municipal Council played a role of ensuring that capable, suitable, and qualifying employees are appointed to execute Municipality responsibilities without fail during the 2020/2021 financial year.

4.1.1. OCCUPATIONAL LEVELS

The table below reports on the total number of employees (including employees with disabilities) in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	2	0	0	0	0	0	3
Senior management	35	0	0	0	9	0	0	0	1	0	45
Professionally qualified and experienced specialists and mid-management	69	1	0	0	57	0	0	0	0	0	127
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	68	0	0	0	54	0	0	0	0	0	122
Semi-skilled and discretionary decision	235	0	0	0	168	1	0	0	0	0	404
Unskilled and defined decision making	251	0	0	0	188	0	0	0	0	0	439
TOTAL PERMANENT	659	1	0	0	478	1	0	0	1	0	1140
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**659**	**1**	**0**	**0**	**478**	**1**	**0**	**0**	**1**	**0**	**1140**

The table below reports on the total number of employees with disabilities in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and	2	0	0	0	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management,	1	0	0	0	0	0	0	0	0	0	1
Semi-skilled and	2	0	0	0	1	0	0	0	0	0	3
Unskilled and defined	4	0	0	0	2	0	0	0	0	0	6
TOTAL PERMANENT	9	0	0	0	3	0	0	0	0	0	12
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**9**	**0**	**0**	**0**	**3**	**0**	**0**	**0**	**0**	**0**	**12**

4.1.2. CORE OPERATION FUNCTIONS AND SUPPORT FUNCTIONS BY OCCUPATIONAL LEVEL

A job position can either be the core operating function or a support function. The core operating function positions are those that directly relate to the core business of an organisation and may lead generations' e.g., sales production, human resources, and corporate services etc.

4.1.2.1. Level

The table below indicates the total number of employees (including people with disabilities), that are involved in / **Core Operational Function positions** at each level in the municipality. Note: A=African, C=Coloured, I=Indians and W=Whites.

Occupational levels	Gender		Total
	Male	Female	M & F
Top management	1	0	1
Senior management	7	1	8
Professionally qualified and experienced specialists and mid-management	20	10	30
Skilled technical and academically qualified workers, junior management, supervisors, foremen and	39	5	44
Semi-skilled and discretionary decision	96	21	117
Unskilled and defined decision making	123	73	196
TOTAL PERMANENT	286	110	396
Temporary employees	0	0	0
Grand total	**286**	**110**	**396**

The table below indicates the total number of employees (including people with disabilities), that are involved in **support function** positions at each level in the municipality. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Gender		Total
	Male	Female	M&F
Top Management	0	2	2
Senior Management	30	9	39
Professionally qualified and experienced specialists and mid-	50	44	94
Skilled technical and academically qualified workers, junior management,	31	49	80
Semi-skilled and discretionary decision	139	154	293
Unskilled and defined decision making	141	131	272
TOTAL PERMANENT	391	389	780
Temporary employees	0	0	0
GRAND TOTAL	**391**	**389**	**780**

4.2. SECTION B: WORKFORCE MOVEMENT

4.2.1. RECRUITMENT

The table below reports the total number of new recruits, including people with disabilities. Note: A=African, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	4	0	0	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision	12	0	0	0	2	0	0	0	0	0	14
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	2
TOTAL PERMANENT	13	0	0	0	8	0	0	0	0	0	21
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**13**	**0**	**0**	**0**	**8**	**0**	**0**	**0**	**0**	**0**	**21**

4.2.2. TERMINATION

The table below reports the total number of terminations in each occupational level, including people with disabilities. Note: A=Africans, C=Coloured, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	1	0	0	0	0	0	1
Senior management	1	0	0	0	1	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	2	0	0	0	1	0	0	0	0	0	3

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and	2	0	0	0	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making	9	0	0	0	8	0	0	0	0	0	17
Unskilled and defined decision making	14	0	0	0	17	0	0	0	0	0	31
TOTAL PERMANENT	28	0	0	0	28	0	0	0	0	0	56
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**28**	**0**	**0**	**0**	**28**	**0**	**0**	**0**	**0**	**0**	**56**

4.3. SECTION C: SKILLS DEVELOPMENT

4.3.1. SKILLS DEVELOPMENT

The report below shows the total number of people from the designated groups, including people with disabilities, who receive training solely for the purpose of achieving the numerical goals, Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

Occupational Levels	Gender		Total
	Male	Female	M&F
Top Management	0	02	02
Senior Management	35	09	44
Professionally qualified and experienced specialists and mid-management	21	23	44
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	16	15	31
Semi-skilled and discretionary decision making	46	130	176

Unskilled and defined decision making	41	14	55
TOTAL PERMANENT	0	0	0
Temporary employees	0	0	0
GRAND TOTAL	**159**	**193**	**352**

4.3.2. NUMERICAL GOALS

The table below indicates the numerical goals (i.e., the workforce profile) projected to be achieved for the total number of all employees including those with **Disabilities** at the end of the current employment equity plan in terms of occupational levels.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	
Top management	4	0	0	0	2	0	0	0	0	0	6
Senior management	36	0	0	0	10	0	0	1	0	0	47
Professionally qualified and experienced specialists and mid-	63	1	0	1	57	0	1	1	0	0	124
Skilled technical and academically qualified workers, junior management,	57	0	0	0	56	1	0	0	0	0	114
Semi-skilled and discretionary decision	205	0	0	0	184	1	0	0	0	0	390
Unskilled and defined decision making	283	1	0	1	248	0	0	0	0	0	533
TOTAL PERMANENT	648	2	0	2	557	2	1	2	0	0	1214
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**648**	**2**	**0**	**2**	**557**	**2**	**1**	**2**	**0**	**0**	**1214**

4.4. SECTION D: MONITORING & EVALUATION (DC)

4.4.1. DISCIPLINARY ACTION

Disciplinary action: (Total number of disciplinary actions during the twelve months preceding this report). The report is on formal outcomes only. Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

DISCIPLINARY ACTION	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	02				1						03

4.4.2. AWARENESS OF EMPLOYMENT EQUITY

The table below represents the awareness measures of the employment equity as implemented by BLM:

	Yes	No	Employees Covered
Formal written communication	Yes	No	All
Summary of the Act displayed	Yes		All
Employment Equity training		No	Forum
Diversity Management programmes		No	0
Discrimination awareness programmes		No	0
			0

4.4.3. CONSULTATION

The table below indicates which stakeholders were involved in the consultation process prior to the development of the employment equity plan:

Stakeholders	Yes	No
Consultative body or employment equity forum	Yes	
Registered trade union	Yes	
Employees	Yes	

4.4.4. STATUS ON HUMAN RESOURCE POLICIES AND PLANS:

The following table presents HR policies that are currently in place to guide the Human capital affairs of BLM.

Policy/ Plan	Developed and implemented	Developed and not implemented	Status
Language Policy		√	Not adopted
Recruitment and selection	√		Adopted
Performance management system framework	√		Adopted
Skills development plan	√		Adopted
Employment equity plan	√		Adopted
Skills development charter	√		Review
Code of conduct	√		Adopted
Employment equity policy	√		Adopted
Transport Control policy	√		Adopted
Payroll policy and procedures	√		Adopted
Training and Development Policy	√		Adopted
Relocation policy	√		Adopted
Smoking policy	√		Adopted
HIV/AIDS Policy	√		Adopted
Bursary Policy	√		Adopted
cash policy	√		Review
Retirement Policy	X		To be
Dress Code Policy	√		Adopted
Sexual Harassment Policy	√		Adopted
Probation Policy	√		Adopted
Induction Policy	√		Adopted
Internet and E-Mail Policy	√		Adopted
Long Service Recognition Policy	√		Adopted
Cell Phone Allowance Policy	√		Adopted
Occupational Health & Safety Policy	√		Adopted
Human Resource Strategy	√		Adopted

4.4.5. MINIMUM QUALIFICATION OF SENIOR MANAGERS

The municipality ensured that all senior management positions were (Section 54 and 56 employees) filled. The minimum qualifications for senior and middle management have been described by SALGA and the National treasury and all position advertisements were done in line with these requirements.

The table below reflects the minimum qualification for employees appointed in terms of Section 56/54 of Local Government: Municipal System Act, Amended Act 32 of 2000:

NO.	Surname and initials	Position	Qualification
1.	Nkuna CA (Section 54 Employee)	Municipal Manager	Matric, Bachelor of commerce, Postgraduate degree, Certificate in executive leadership in Municipal Finance Management Program and South African
2.	Shilenge S.R (Section 56 Employee)	Acting Director Corporate Services	Doctor of Philosophy Master of Management Bachelor of Arts
3	Mnisi A.M (Section 56 Employee)	Acting Director Community Services	MBA (Masters Business Administration) Bachelor's Degree in public administration Human Resource Dev. Certificate Communication Management Certificate Local Government Executive Leadership Management Certificate
4	Mashava E (Section 56 Employee)	Director Technical Services	Matric, National Diploma in Civil Engineering (NQF6), Certificate in Executive Leadership Management Programme (ELMDP), Programme in
5	Mogakane S (Section 56 Employee)	Director EDPE	Matric, Bachelor of Arts Degree, Bachelor of Education, Master of Management Degree and Executive Leadership Municipal Development Programme

NO.	Surname and initials	Position	Qualification
6	Matlala MB (Section 56 Employee)	Acting Chief Financial Officer	Matric, B. Com (Accounting)(NQF 7)

4.4.6. CONCLUSION

The municipality has a staff establishment as per the approved organogram that was monitored by sending quarterly staff establishment reports to the Council. The various human resources management policies as approved by Council were also implemented. Moreover, as a designated employer in terms of the Employment Equity Act, the municipality had the 2017/2022 Employment Equity Plan approved by Council and submitted to the Department of Labour as prescribed. Male to female ratio stood at 57,6% and 42, 4%. The municipality conducted highlights for the financial year's awareness campaign to encourage employees living with disability to declare in terms of the EEA1 forms. To that effect, the municipality recorded 1,01% against the required 2% of the total workforce on employees living with disability.

CHAPTER 5: FINANCIAL PERFORMANCE

5.1. INTRODUCTION

This section focuses on the Municipality's finances, as an objective that the financial performance of the institution against all financial management plans and expenditure items.

National Treasury has introduced a new Standard Chart of Accounts for Municipalities that are commonly referred to as mSCOA, which stands for "Municipal standard chart of accounts", provides a uniform and standardised financial transaction classification framework for all Municipalities in South Africa and will facilitate improved alignment between the IDP, budget, SDF and other strategic processes within the Municipality. The Municipality has complied with all the Treasury mSCOA requirements and continued to improve the mSCOA systems with new capabilities during the 2021 financial year.

Council adopted the 2021/2022 Budget, which reinforces the following principles of budgeting:

- that the Municipality may not budget for a cash deficit.
- expenses may only be incurred in terms of an approved budget.
- The budget must always align with the IDP.

By following these principles, the Municipal Council was able to produce future budgets that are realistic, practical, and affordable to the Municipality. The 2021/2022 budget of Bushbuckridge Municipality was evaluated by the Provincial Treasury and is regarded as credible, sustainable, and responsive towards the current and future needs of the community.

The management of revenue is governed by policies that are aimed at improving revenue management and debt collection such as billing systems and indigent policies. Success has been achieved in terms of collecting long outstanding debts from government institutions, notably the Provincial Department of Public Works whose debt exceeds R500 million. All government departments are timeously paying their current debt and efforts are continuing to collect the remaining historical debts from the government departments.

A concern about the increasing levels of debt that threatens to undermine the liquidity of the Municipality exists. Collection of debt from business and households has declined significantly in the year under review because of the Covid-19 pandemic, which has resulted in decreased revenues and lost income for most of our customers.

The Municipality has an approved revenue enhancement strategy in place, which seeks to improve the revenue generation streams of the Municipality. A key component of the revenue enhancement strategy is the improvement of revenue through the sale of water and the Municipality's commitment to ensuring consistent water supply to the community of Bushbuckridge. Reviewed in 2020, the strategy sets out a refocused approach for the next five years. The strategy explores investment in alternative water metering technology, billing of all reticulated households and installation of new meters in all townships. Implementation of the revenue enhancement strategy is well under way with activities aimed at improving the performance and efficiency of the water services receiving a high priority and attention from all relevant stakeholders. In the year under review, council has approved the billing of over 40 000 customers, which were previously not billed, and piloting of smart metering on businesses commenced.

The Municipality implemented Supply Chain Management Regulations through an approved Supply Chain Management Policy. The SCM Policy adheres to the SCM Regulations and was developed in accordance with the Model Policy issued by National Treasury (NT). The SCM procedures and processes were reviewed with a view of improving procurement timelines, controls and to implement recommendations of the external auditors. Procurement activities are planned and executed with cognisance of the requirements of the Supply Chain Management legislative framework to ensure that the supply chain processes of the Municipality are fair, equitable, transparent, competitive, and cost-effective in accordance with the prescripts of the Municipal Finance Management Act which gives effect to Section 217 of the Constitution.

5.2. FINANCIAL PERFORMANCE STATUS

The table below highlights financial performance measures achieved in terms of MFMA compliance dates within the Finance Section.

Objectives	**Performance Measure/service delivery indicator**	**Performance**	
		Target	**Actual**
Develop a medium-term financial framework (budget)	Three-year capital and the operational budget approved by Council	31 May 2020	31 May 2020
	Approval of the adjustment budget by Council	25 Jan. 2021	25 Jan. 2021

Provide a framework for financial accountability	Approved Service Delivery and Budget Implementation Plan	31 May 2020	31 May 2020
	Adoption of Tariff Structure	31 May 2020	31 May 2020
Manage and control revenue	Monthly billing	Monthly	Monthly
	Credit control policy enforcement	01/07/2020	Fully implemented
Manage the cash-flow of the Municipality to ensure timely payment of creditors and Servicing of long-term liabilities.	Creditors paid within 30 days	Monthly	Partially achieved due to challenges with timeous submission of invoices.
Prepare and submit Annual Financial Statement (AFS) to AG(SA) for 2019/20 FY	AFS submitted to Council & AG(SA)	31 August 2021	31 October 2020 (Due to Extension by the Minister)
Monitor and control the budget & expenditure	Submission of monthly financial report to Provincial & National Treasury	Before the 10th of each month	Submitted before the 10th of each month

5.3. ANNUAL FINANCIAL STATEMENTS 2020/2021

The Annual Financial Statements for the year, which ended 30 June 2021, have been prepared in accordance with GRAP standards and were submitted to the office of the Auditor-General on the 31st of August 2021.

The notes to the Annual Financial Statements include additional information as required by the Municipal Financial Management Act no.56 of 2003. The notes to the Annual Financial Statements disclose the required information in terms of section 123 of the Municipal Finance Management Act. Refer to Annexures for the 2020/2021 Annual Financial Statements.

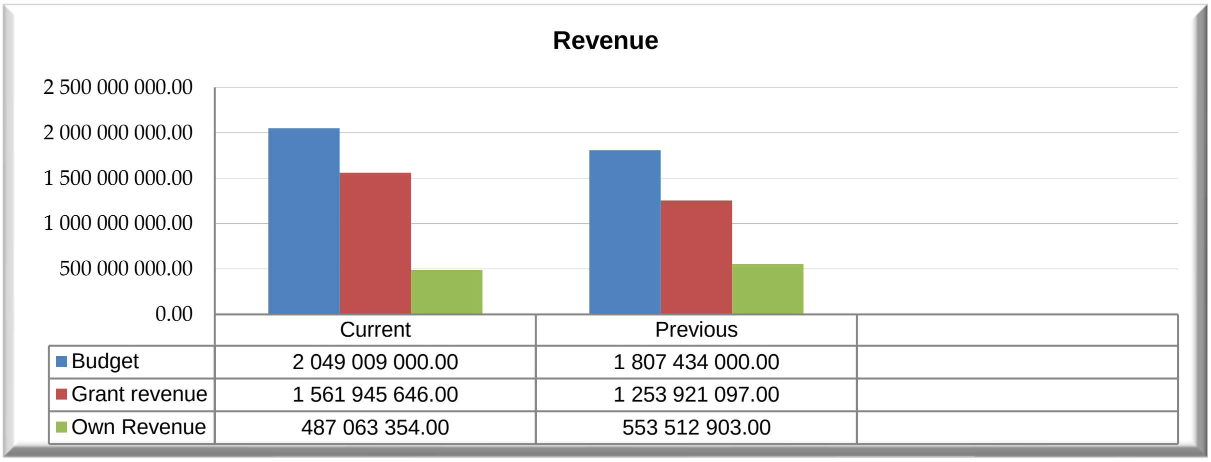
5.4. OPERATING RESULTS

The operating results for the year ended 30 June 2021 disclosed a surplus of R 607,004,024 against a restated surplus of R 564,765,609 for the previous financial year. Total income billed for the year amounts to R 400 180 447 and grant income realised amounts to R 1 561 945 646. The increase in current year contribution to provision for debt impairment amounts to R 222,080,008. The impairment amount represents the full extent of the economic hardships that the pandemic has brought to our communities.

5.5. INCOME

Over the past year, revenue increased by 15% to R 1,972 billion. This escalation is mainly due to increases in grant allocations. Grants and subsidies from the State represents 79% of the total income of the Municipality. Own income generated from the sale of water, the levying of assessment rates and other income represent 21% of the total income of the Municipality

The graph below illustrates a summary of income as compared with the previous year and budget.

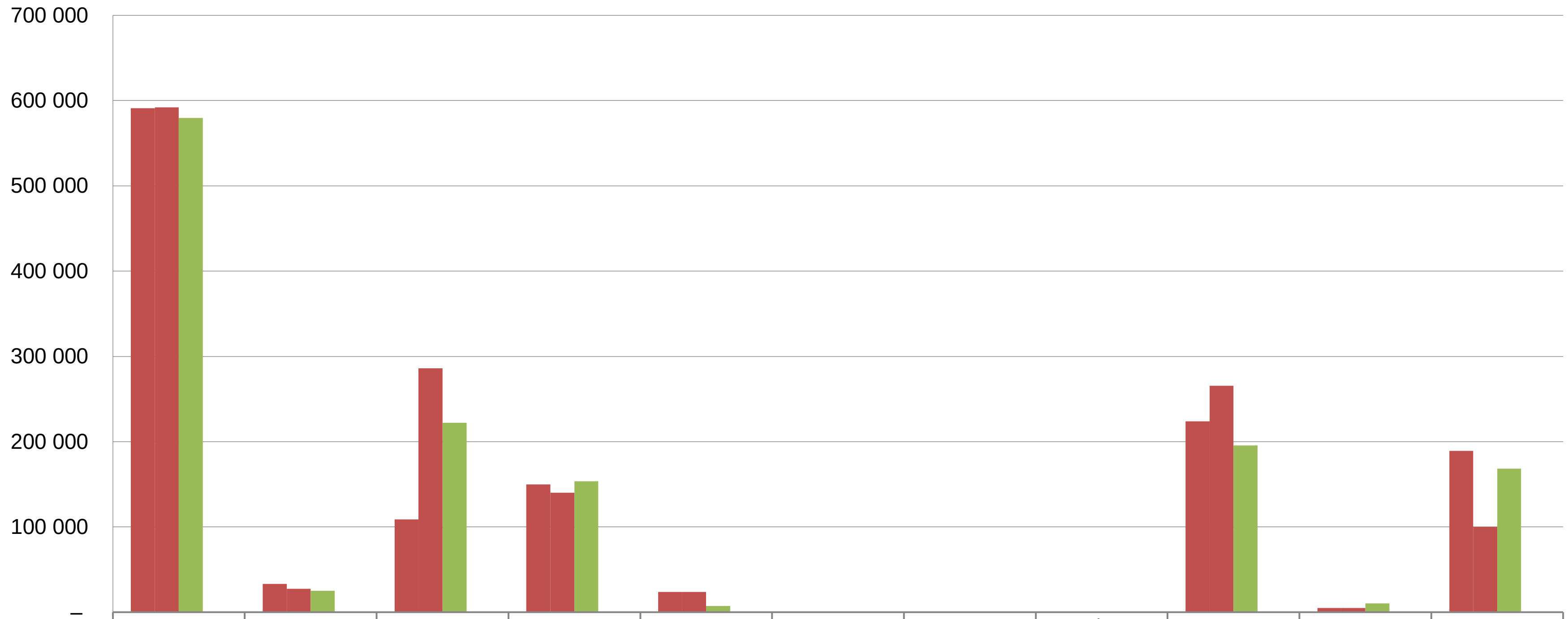


The grants revenue includes all grants received from the National and Provincial Government.

5.6. OPERATING RESULTS PER CATEGORY OF EXPENDITURE

Operating expenditure increased by 6% to R 1, 34 billion. The Municipality does attempt to keep the cost of operations as low as possible and has a cost curtailment policy in place.

The graph below illustrates a comparison of the budget versus the actual expenditure for major expenditure items:

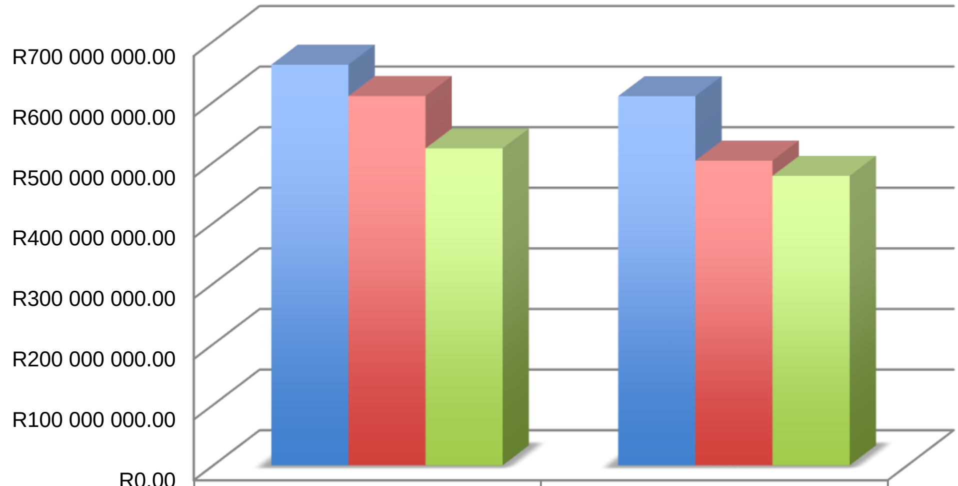


	Employee related costs	Remuneration of councillors	Debt impairment	Depreciation & asset impairment	Finance charges	Bulk purchases	Bad debts written off	Impairment loss/ reversal of impairments	Contracted services	Transfers and subsidies	General expenditure
Original Budget	591 126	33 164	108 900	150 000	23 838	–	–	–	223 771	5 000	189 053
Adjusted Budget	592 127	27 264	285 900	140 000	23 838	–	–	–	265 675	5 000	100 053
Actual	579 486	25 157	222 080	153 423	7 299	–	–	–	195 671	10 109	168 465
% Allocation	43%	2%	16%	11%	1%	0%	0%	0%	14%	1%	12%

5.7. CAPITAL EXPENDITURE

The Municipality's property, plant, and equipment expenditure for the year under review amounted to R 522 697 394 (2020: R 477 331 880). This represents a 79% capital spend (2020: 78%). A complete analysis of capital grants expenditure is included in Note 22 of the Annual Financial Statements while Note 3,4 & 5 of the annual financial statements contains details by asset class.

The Graph below depicts actual Capital expenditure versus the budget.



	Current Year	Prior Year
Budget	R660 832 000.00	R608 893 000.00
Adjusted Capital Budget	R609 152 000.00	R502 512 000.00
Actual	R522 697 394.00	R477 331 880.00

5.8. DEBTORS ASSESSMENT

Outstanding consumer debtors as at June 2021 amounted to R1 967 843 520 (2020: R 1 733 098 962 restated).

Total provision for impairment increased from R 805 790 733 in 2020 to R 1 027 870 742 in 2021, which represents 28% of total outstanding consumer debtors.

Amounts collected from debtors from 1 July 2020 to 30 June 2021 is R 241 373 823 which amounts to 60 % of the amount billed during the year.

The Municipality has appointed two service providers to assist with the recovery of the outstanding debts to curb the accumulation of debt. Additionally, the departments of COGTA, Office of the Premier and Provincial Treasury in conjunction with SALGA are currently assisting the Municipality in collecting long outstanding debt due by the Government through the government debt forum.

5.9. BILLING SYSTEMS

The Municipality billed customers a total of R 400 180 447 (2020: R 413 904 754) for Property rates, refuse removal, Sanitations and Water during the year under review which includes interest of R89 060 365 (2020: R 104 504 462).

The Municipality has an adequate billing system that ensures that billing is done timeously on a monthly basis and customer accounts are accurate.

5.10. INVESTMENTS AND CASH

The Municipality maintained a healthy cash and investment position, given the current economic conditions. Information on cash and cash equivalents is provided in respectively notes 10 to the annual financial statements. Cash on hand as at 30 June 2021 amounted to R 328 519 769 (2020: R204 373 719).

During the year under review, the Municipality received a total of R 1 748 862 432 comprised R 1 503 353 797 from grants, R 241 373 823 from customers and R 3 934 812 from interest earned and R200 000 from donations.

5.11. REVIEW OF AUDITOR GENERAL'S REPORTS

Section 126(1) of the Municipal Finance Management Act requires the accounting officer of a Municipality to prepare and submit Annual Financial Statements and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing. During the year under review, the Auditor-General audited the Annual Financial Statements for the ended 30 June 2021 and in the opinion of the Auditor General, the Annual Financial Statements fairly represented the financial affairs of the Municipality. The Audit Report is attached in the Annexures hereto.

5.12. FINANCIAL MANAGEMENT POLICIES

The Municipality has policies in place to ensure sound financial management. The table below depicts the state of policies in place to ensure sound governance of the financial affairs of the municipality.

Credit Control Policies		
Indigent policy	Credit Control and Debt Collection Policy	By-laws
Adopted	Adopted	Adopted
Implementation of the Municipal Property Rates Act		
2009-2014	2014-2019	2019 - 2023
Valuation roll	Valuation roll	Valuation roll
Yes	Yes	Yes
Yes	Yes	Yes
Yes	Yes	Yes

Financial Policies			
Policy	Approved by Council	Implemented	Promulgated in By- Law
Tariff policy	√	√	√
Credit control policy	√	√	√
Indigent policy	√	√	√
SCM policy	√	√	x
Property rate policy	√	√	√
Cash Management and Investment policy	√	√	√
Asset management policy	√	√	x
Budget Policy	√	√	x
Virement Policy	√	√	x

5.13. REMEDIAL ACTIONS

Corrective action to be instituted on the matters raised in the report of the Auditor-General to Council on the annual financial statements of the Municipality for the year ended 30 June 2021 are consolidated in an audit action plan for approval for implementation. The audit report is unqualified with findings for which corrective actions are required. The corrective actions for each category of findings are provided in an audit action plan.

- **Expenditure Management**

Management has acknowledged the shortcomings in its current processes for the prevention of non-compliance with the MFMA in the instances referred to in the Audit Report and is in the process of implementing corrective actions to mitigate any further non-compliance.

- **Procurement and Contract Management**

The Municipality developed and implemented standard procedure manuals to guide the procurement processes. The Municipality also amended the SCM policy, which is also reviewed on an annual basis, and the lessons learnt from the audit process were also be incorporated therein.

The Municipality's contract management processes will be reassessed with regard to its effectiveness to the AGSA's past and current findings to develop an appropriate strategy moving forward. This strategy will inform the refinement of processes, systems, training interventions and the development of competencies within the Municipality.

In addition, the contract management guideline will be developed and implemented to guide the process of contract Management. The findings of inadequate compliance with SCM regulations which resulted in irregular expenditures will be investigated and dealt with accordingly. Additionally, adequate oversight mechanisms and controls will be put in place to enable effective prevention and detection of instances of contravention of SCM prescripts among other plethora of issues.

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

6.1. AGSA AUDIT OPINION

The submission of AFS and APR to AGSA and the status of the Municipal audit opinion for three financial years is as follows:

2018/2019		2019/2020		2020/2021	
AFS and APR finalized and submitted	Audit Opinion	AFS and APR finalized and submitted	Audit Opinion	AFS and APR finalized and submitted	Audit Opinion
31 August 2019	Unqualified	31 August 2020	Unqualified	31 August 2021	Unqualified

6.2. RECOMMENDATION

i. It is a legal requirement in terms of section 127 (5) (b) of the MFMA that prior to the printing of an audit report, the annual report should be submitted to AGSA.
ii. Management submits the Annual Report to AGSA within the timeframe.
iii. Management to respond to all queries of AGSA and respond within required timeframe.

6. CONCLUSION

This Annual Report is aligned with the planning documents and the Municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year performance reports, the annual performance report and annual report have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

7. AUTHORISATION

Title	Initials and Surname	Comments	Signature	Date
Municipal Manager	C. A Nkuna	Recommended		
Executive Mayor	C. S Nxumalo	Approved		

8. APPENDIXES

APPENDIX A: Annual Performance Report

APPENDIX B: Annual Financial Statement

APPENDIX C: AGSA Audit Report