Kai !Garib Municipality

Final ANNUAL REPORT

2023/2024

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LIST OF ABBREVIATIONS

AG Report	- Auditor General's Report
CFO	- Chief Financial Officer
COGHSTA	- Cooperative Governance, Human Settlements and Traditional Affairs
CSD	- Central Supplier Database
DEDaT	- Department of Economic Development and Tourism
DPSA	- Department Public Service and Administration
EGDF	- Economic Growth and Development Fund
EHP	- Environmental Health Practitioner
EHS	- Environmental Health Services
EPWP	- Extended Public Works Program
GRAP	- Generally Recognized Accounting Practice
IDP	-Integrated Development Plan
IDP Rep Forum	- IDP Representative Forum
IGR	- Intergovernmental Relations
IT	- Information Technology
ITC	- Information and Communication Technology
KPI	- Key Performance Indicators
LDA	- Land Development Applications
LED	-Local Economic Development
LGSETA	- Local Government Sector Education and Training Authority
LUPO	- Land Use Planning Ordinance
LUS	- Land Use Scheme
MBD	- Municipal Bid Documents
MFMA	- Municipal Finance Management Act

MM	- Municipal Manager
MoU	- Memorandum of Understanding
MPAC	-Municipal Publics Accounts Committee
mSCOA	- Municipal Standard of Charts Accounts
NDP	-National Development Plan
OHS	- Occupational Health and Safety
PMS	- Performance Management System
PPP	- Public Private Partnerships
RRAMS	- Rural Roads Asset Management System
SACPLAN	- South African Council for Planners
SCM	- Supply Chain Management
SDBIP	-Service Delivery and Budget Implementation Plan
SDF	- Spatial Development Framework
SEFA	- Small Enterprise Finance Agency
SMME	-Small, Micro and Medium Enterprises
SPLUMA	- Spatial Planning and Land Use Management Act

CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD

Foreword of the Mayor

The Municipality is the third sphere of government, and its birth is guaranteed in chapter seven of the Constitution of the Republic of South Africa. Besides the Constitution there are also the Municipal Systems Act of 2000 (MSA) and the Municipal Finance Management Act 56, 2003 (MFMA).

This Annual Report is an account of Kai !Garib Local Municipality's achievements for the year under review and it also assists in identifying our successes and failures. This report is intended to attest to the collective efforts of the administrative and political arms of the Municipality to progressively address the expectations of our people.

In chapter 12 of the MFMA sec.121 it gives Municipal guidance as to how important the Annual Report is for a Municipal entity and for each financial year. The Annual Report provides a record of activities, performances against the budget and the accountability of the local community for the decisions made throughout the year by the Municipality and to reduce additional reporting requirements that will otherwise arise from government departments, monitoring agencies and financial institutions.

The Council committed itself to work towards at the end of 2016. In the 2015/2016 financial year they decided on a turnaround strategy. This strategy was monitored and evaluated regularly throughout 2016/2017 and 2017/2018. With great results. We received qualified audit opinions for those respective financial years.

In 2021/22 the Municipality faced severe financial challenges. This resulted in us being unable to achieve all our goals and objectives. It also led to us receiving a "Qualified Opinion" from the Auditor – General.

Let us use this document as a toolkit for Council to guide us to achieve the ultimate audit outcome.

I am honoured to lead Kai !Garib Local Municipality and I wish to thank the Municipal Manager and his team for their proficient leadership. We were only able to deliver the performances specified in this Annual Report with the dedicated assistance of the Council, Management and Municipal Staff.

Thank You.

*Signed by Matthys

Cllr M Matthys

Mayor: Kai Garib Municipality

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

This document sets out Kai !Garib Municipality's annual operational performance which includes the key Municipal output, plans and priorities of the previous financial term of office. The plan operationalizes key elements of Municipal action localising resource contributions of National, Provincial and District support as well as basic needs outlined in development plans within a rolling 5-year implementation cycle. The mere questions are: **W**hat is received and **how** much is spent together with **what** must still be done? This Annual Report of 2023/24 is not a stand-alone document and has to be read in conjunction with a host of other strategic documents regarding areas surrounding the three major towns: Keimoes, Kakamas and Kenhardt together with Augrabies as an economic growth corridor not to exclude Riemvasmaak (Vredesvallei & Sending). The purpose of this reporting document is to enhance sectoral project planning and alignment by including their functions and contributions towards eradication of service backlogs, progress on and implementation thereon.

Central to the execution of Annual Reporting is the need for economic growth and job creation which has an impact on livelihood and social change patterns together with the choices and decisions that the Municipality makes. Here, the introduction of EPWP and other job creation efforts through state infrastructure development projects and private sector contributes as positive catalysts to the social challenge. The need for marketing the region and attracting international and regional investment are also key elements in financing the execution of Kai !Garib's Municipality's Service Delivery Budgetary Implementation Plan, a tool which is informed by the IDP. Noted, that the latter mentioned forms the content of the Annual Plan. It is further refined through a prioritisation process within available budget parameters and alternative service delivery mechanisms to reflect an affordable and bankable implementation plan.

Key Priority Issues as well as National and Provincial strategic issues as encapsulated in various National and Provincial plans are concretised and aligned with the following Key Performance Areas:

- ***Basic Service Delivery***
- ***Municipal Institutional Development and Transformation***
- ***Local Economic Development***
- ***Municipal Financial Viability and Management***
- ***Good Governance and Public Participation***

The above KPA's also align with the Department of Co-operative Government, Human Settlement and Traditional Affairs in the Provincial and as well as National Strategic Focus Areas.

The Vision

"Creating an economically viable and fully developed Municipality, which enhances the standard of living of all the inhabitants / community of Kai !Garib through good governance, excellent service delivery and sustainable development."

The Mission

Provision of transparent, accountable and sustainable service delivery

The Values of Kai !Garib Municipality which guides daily conduct:

- Improved communications and relationships with key role-players
- Transparency in planning and management
- Proper understanding of the needs of communities
- The implementation of a development orientated approach to Local Government.

- Discipline and motivation among officials and Councillors
- Building capacity among the staff and Community wherever possible in order to enable them to play an effective role in Local Government.

*Signed by ____________________

Mr.O Isaacs

Municipal Manager

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Municipality is responsible for the delivery of all basic services, including water, sanitation, electricity, refuse removal, housing, local economic development, and storm water drainage.

The delivery of services are addressed through the Municipal planning processes, like the Integrated Development Plan (IDP), the Capital and Operational Budgets and the Service Delivery and Budget Implementation Plan (SDBIP).

As can be seen in the table below that the population of the Municipality is spread over a wide area, with towns more than 80 km from Keimoes. The entire Municipal area covers 26 358km². The long distances put a heavy burden on services that must be delivered by vehicle, e.g. refuse removal, sanitation road maintenance and street light maintenance.

The Municipal Area consists of 3 large towns, i.e. Kakamas, Keimoes and Kenhardt. In between these towns, 6 former settlements are found, previously administrated by the "Benede-Oranje" DistrictCouncil. Keimoes is ± 40km west of Upington and 40km east of Kakamas.

Here follows a brief overview of Kai !Garib Local Municipality:

- Municipal Demarcation Code: NC082
- Location of Head Office: 164 Eleventh Avenue, Kakamas, 8870
- Municipal Area: 26 358km².
- District Municipality: ZF Mgcawu District Municipality (Upington)
- Population: 68 929 (2016 Community Household Survey – Stats SA).
- Schools: 4 Secondary Schools; 26 Primary Schools;
- Medical Facilities: 21 Medical facilities.
- Police Stations: 5 Police stations
- Main Economic Activities: Agriculture (raisins and wine grapes) Livestock farming.

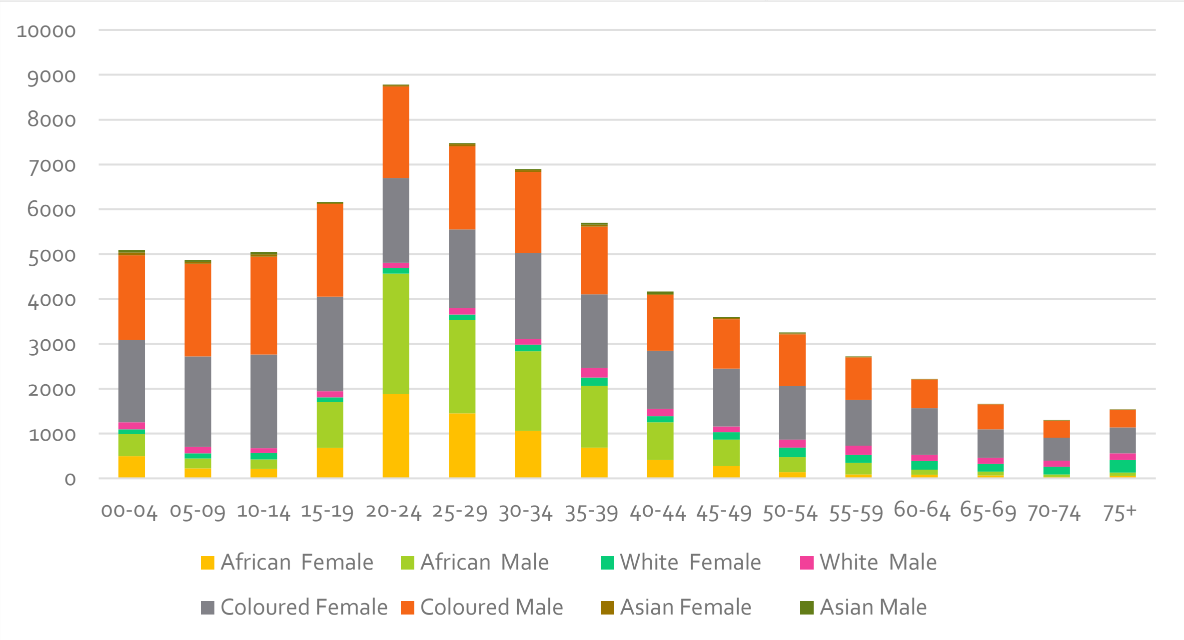
POPULATION BY POPULATION GROUP, GENDER AND AGE - KAI !GARIB LOCAL MUNICIPALITY

	African		White		Coloured		Asian	
Age	Female	Male	Female	Male	Female	Male	Female	Male
00-04	497	492	107	157	1,840	1,880	63	58
05-09	226	218	116	139	2,020	2,070	45	39
10-14	209	214	140	110	2,090	2,180	51	57

15-19	679	1,020	109	133	2,110	2,070	21	22
20-24	1,880	2,690	127	115	1,890	2,040	26	16
25-29	1,450	2,080	124	140	1,760	1,850	49	21
30-34	1,060	1,770	156	126	1,920	1,800	45	23
35-39	686	1,380	183	217	1,640	1,510	40	47
40-44	407	842	139	160	1,300	1,250	15	53
45-49	273	590	164	131	1,290	1,100	26	30
50-54	137	339	211	177	1,190	1,160	17	24
55-59	91	250	183	206	1,020	951	10	7
60-64	82	114	190	135	1,040	642	9	9
65-69	69	80	172	140	634	552	9	5
70-74	34	57	170	130	520	377	8	7
75+	55	75	279	150	579	387	5	7
Total	7,830	12,200	2,570	2,360	22,800	21,800	439	426

Source: IHS Markit Regional eXplorer version 1692

POPULATION BY POPULATION GROUP, GENDER AND AGE - KAI !GARIB LOCAL MUNICIPALITY (Graph)



Source: IHS Markit Regional eXplorer version 1692

In 2018, the Kai !Garib Local Municipality's population consisted of 28.46% African (20 100), 7.00% White (4 930), 63.32% Coloured (44 600) and 1.23% Asian (865) people. The largest share of population is within the young working age (25-44 years) age category with a total number of 24 200 or 34.4% of the total population. The age category with the second largest number of people is the babies and kids (0-14 years) age category with a total share of 21.3%, followed by the teenagers and youth (15-24 years) age category with 14 900 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 4 500 people is indicated by the statistics.

With the Coloured population group representing 63.3% of the Kai !Garib Local Municipality's total population, the overall population pyramid for the region will mostly reflect that of the African population group. The chart below compares Kai !Garib's population structure of 2018 to that of South Africa.

- There is a significantly larger share of young working age people - aged 20 to 34 (32.8%) - in Kai !Garib, compared to the National picture (27.5%).
- The area appears to be a migrant receiving area, with many of the people migrating into Kai !Garib, either from abroad, or from the more rural areas in the country looking for better opportunities.
- Fertility in Kai !Garib is significantly lower compared to South Africa as a whole.
- Spatial policies have changed since 1994.

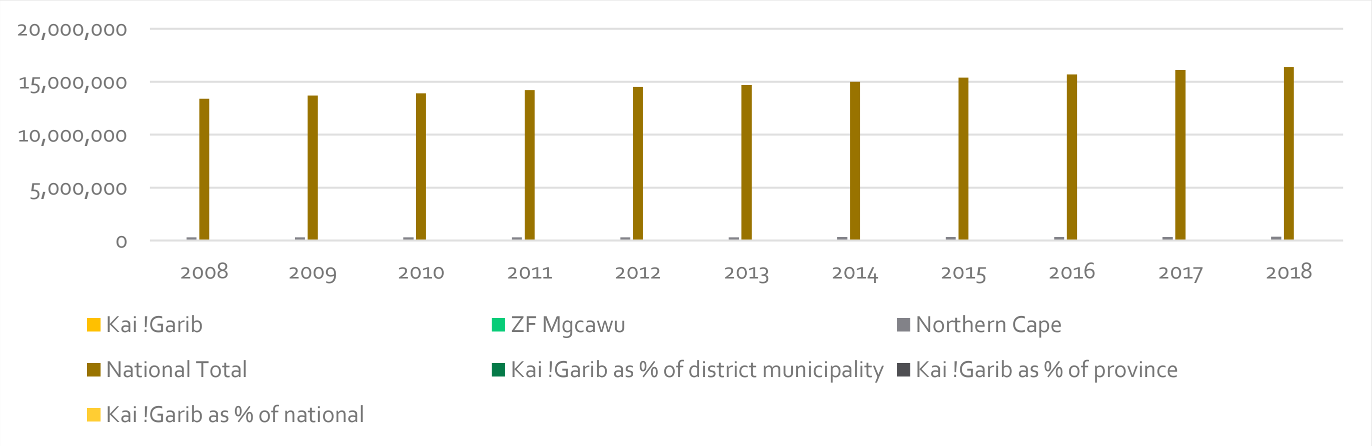
- The share of children between the ages of 0 to 14 years is significant smaller (21.3%) in Kai !Garib compared to South Africa (29.0%). Demand for expenditure on schooling as percentage of total budget within Kai !Garib Local Municipality will therefore be lower than that of South Africa.

	Kai !Garib	Kai !Garib	Northern Cape	National Total	Kai !Garib as % of District Municipality	Kai !Garib as % of province	Kai !Garib as % of National
2008	17,900	61,300	287,000	13,400,000	*29.30%*	*6.20%*	*0.13%*
2009	17,400	61,800	288,000	13,700,000	*28.20%*	*6.10%*	*0.13%*
2010	17,100	62,500	291,000	13,900,000	*27.30%*	*5.90%*	*0.12%*
2011	16,800	63,800	298,000	14,200,000	*26.40%*	*5.60%*	*0.12%*
2012	17,100	65,300	306,000	14,500,000	*26.20%*	*5.60%*	*0.12%*
2013	17,400	66,900	314,000	14,700,000	*26.00%*	*5.50%*	*0.12%*
2014	17,500	67,800	319,000	15,000,000	*25.80%*	*5.50%*	*0.12%*
2015	17,500	68,500	323,000	15,400,000	*25.60%*	*5.40%*	*0.11%*
2016	17,800	69,800	331,000	15,700,000	*25.50%*	*5.40%*	*0.11%*
2017	18,100	71,500	341,000	16,100,000	*25.30%*	*5.30%*	*0.11%*
2018	18,400	73,000	349,000	16,400,000	*25.20%*	*5.30%*	*0.11%*

NUMBER OF HOUSEHOLDS - KAI !GARIB, ZF MGCAWU, NORTHERN CAPE AND NATIONAL TOTAL

Source: IHS Markit Regional eXplorer version 1692

NUMBER OF HOUSEHOLDS - KAI !GARIB, ZF MGCAWU, NORTHERN CAPE AND NATIONAL TOTAL (Graph)



Source: IHS Markit Regional eXplorer version 1692

Relative to the District Municipality, the Kai !Garib Local Municipality had a lower average annual growth rate of 0.24% from 2008 to 2018. In contrast, the province had an average annual growth rate of 1.96% from 2008. The South Africa as a whole had a total of 16.4 million households, with a growth rate of 2.02%, thus growing at a higher rate than the Kai !Garib.

The composition of the households by population group consists of 56.6% which is ascribed to the Coloured population group with the largest number of households by population group. The African population group had a total composition of 30.7% (ranking second). The White population group had a total composition of 10.9% of the total households. The smallest population group by households is the Asian population group with only 1.8% in 2018.

The growth in the number of Coloured headed households was on average 0.35% per annum between 2008 and 2018, which translates in the number of households increasing by 361 in the period. Although the Asian population group is not the biggest in size, it was however the fastest growing population group between 2008 and 2018 at 19.43%. The average annual growth rate in the number of households for all the other population groups has increased by 0.09%.

1.2.1 SERVICE DELIVERY OVERVIEW

The Technical Department

This department is headed by Mr. MC Links.

The Directorate consists of Civil Infrastructure, Electricity, Public Facilities and Social Amenities as well as Waste Management. The department is not limited to but provides the following services:

- Manage social infrastructure development backlogs reductions;
- Manage quality control and specifications of projects;
- Manage project finance and reporting;
- Oversee the design, construction and maintenance of roads, drain and storm water systems;
- Oversee and monitor local community employment in infrastructure projects;
- Oversee and monitor the development and participation of women, youth and disabled in the construction industry;
- Monitoring and implementation of the Expanded Public Works Program in all infrastructure programs;
- Supervise consultants and contractors.
- Providing public lighting within the jurisdiction of the Municipality;
- Developing the electricity network and the operation of the electricity services within the Municipal area of jurisdiction;
- Manage horticulture, public open spaces, cemeteries and nurseries;

- Manage, maintain community halls, public toilets and other Municipal facilities (Municipal grounds and sports fields.
- Removal, transportation and disposal of refuse (household and business);
- Management and maintenance of Landfill site;

Key Priority Areas issues:

Electricity

- Reduction of electricity losses from the current 36% (previous year 32%) to the National accepted figure of 10% or less.
- Reducing the demand from Eskom
- Increasing the efficiency of power consumption by increasing the power factor on the system
- Promote the use of alternative technologies and power efficient appliances.
- Training of apprentices
- Continuous training of electrical personnel
- Timeous maintenance of High and Low Voltage networks
- Refining of maintenance schedules
- Minimizing power outages

Water

- Kai !Garib Non-Revenue water which includes water losses.
- Incident Management Team (Responds to water quality failures)
- Water demand management plan in place to reduce water losses
- Back-to-Basics program to reduce water losses in distribution system
- Sufficient Operation and Maintenance Budget required
- Training of operators required as stated in regulation 2834

- 2012 Municipal Blue drop Score = 68.99%
- Monthly monitoring of drinking water quality

Sanitation Services

- Feasibility studies are taking place to develop Waste Water Treatment plants for Kakamas, Keimoes and the surrounding areas.
- Regular maintenance on sewerage pump stations to avoid sewerage spillages.
- Monthly monitoring of oxidation pond’s effluent quality.

Solid waste

- Legalizing of Solid Waste Sites
- Operating sites according to conditions of permits
- Refining of waste removal program
- Cleansing of residential areas and open spaces
- Initiate and support recycling activity in the area
- Implementation of Youth Jobs in Waste project to assist Municipality by monitoring and cleansing the landfill sites within the area
- Complete the registration of two landfill sites with the assistance of the National Department of Environmental Affairs
- Budgeting for vacant positions for Landfill site personnel
- Registering our landfill sites with SAWS in terms of reporting the tonnages received
- Training of Landfill site personnel
- Minimizing illegal dumping by converting open spaces into recreational areas

Roads, Parks and Storm water section

- Develop a maintenance program for the section in the Municipality
- Reduce the number of potholes in the Municipality

- The rehabilitation of dirt roads
- The resealing of roads within the Municipal boundary

COMMENT ON ACCESS TO BASIC SERVICES:

Electricity: The Municipality has an annual electrification program, and the backlog consists of informal houses that have been built in the last two years. The backlogs in the Eskom electricity supply area are submitted into the Eskom electrification plan annually.

Refuse removal: All households in the urban area and rural settlements receive the service.

Water: All households in the urban area or rural settlements are serviced by means of a stand tap or a water tank nearby.

Sanitation: The backlog exists in the areas where informal houses were built.

1.3 FINANCIAL HEALTH OVERVIEW

The Municipality is in a highly rural area with high unemployment. 78% of the total valuation of the valuation roll comprises bona fide farmers, Residential 10% and businesses 5%. Of the 6748 residential properties the Municipality only supply electricity to 4085 properties. 2663 properties are supplied by Eskom. Only 1432 residential properties have a value in terms of the valuation roll of more than R100, 000. These statistics together with the fact that Kai !Garib Municipality is one of the geographically largest Municipalities makes it difficult to manage and cash flow is challenged.

COMMENT ON OPERATING RATIOS:

The municipality has been operating on a deficit for the past 5 years. The extreme cash flow constraints experienced by the municipality limits management to honour the monthly expenditure commitments, which forces suppliers to charge interest. The amount owed to Eskom raises concerns.

Employee related costs are also one of the municipality’s largest expenditure items.

The breakdown of the different line items can be found in chapter 5 of this report.

COMMENT ON CAPITAL EXPENDITURE:

Currently the appointment of suitable contractors is a challenge. There are challenges with the approval of MIG projects as well. EIA criteria for water and sewerage projects delays registration.

1.4 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The organizational structure was approved by the Council and continues to be amended as the need arises. The organizational structure was approved to support efforts and initiatives to enhance service delivery.

The Mayor also approved the Service Delivery and Budget Implementation Plan (SDBIP) for 2023/2024. The SDBIP details the implementation of service delivery and the budget for the financial year in compliance with the Municipal Finance Management Act. The SDBIP serves as a contract between the administration, Council and the Community, expressing the objectives set by the Council as quantifiable outcomes that can be implemented by the administration during the 2024/2025 financial year. The SDBIP facilitates the process of holding Management accountable for their performance.

The Performance Agreements of the Municipal Manager and Directors were signed and placed on the website.

In terms of capacity building of employees, our Workplace Skills Plan remains a key document. The Work Skills Plan was drafted and submitted to LGSETA timeously, in line with legislation.

1.5 AUDITOR GENERAL'S REPORT

The Auditor General's reports for the 2022/23 and 2023/24 financial years are included in this report.

MFMA section 126 (1) (a) states that-:

> The accounting officer of the municipality must prepare the financial statements of the municipality 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.

According to the above quoted legislation it is clear that the annual financial statements of the municipality should be submitted to the Audit-General two months after year-end (30 June), on the 31 August each year for auditing.

The municipality is delighted to report that a complete set of financial statements, with supporting schedules was submitted for audit on 31 August 2024 in compliance with the applicable regulation above.

As stated in Section 131 (1) of the MFMA, the municipality was able to address all findings raised by the Auditor General during the last audit that was finalized and signed off by the 10 April 2024. An Audit Action Plan was compiled and was monitored.

The municipality was determined to improve on the overall audit process by implementing procedures to improve the provision of information requested by the Auditor General.

Through consultation with the Auditor General, it was confirmed that the implementation of the procedures was successful, and the Auditor General noted a significant increase in the amount of information submitted for audit. The Auditor General also noted that the quality of information submitted for audit has improved.

The municipality is happy to report that the 2023/24 audit has seen a significant improvement on prior year audits, and the aim is to further improve the audit process in the hopes to obtain an “Unqualified report”.

1.6 STATUTORY ANNUAL REPORT PROCESS

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

According to the above, the Annual Report process must correlate with what General Notice 839 of 2011 requires, which states that the Annual Performance Reports should be submitted for auditing two months after the end of the financial year. All the other information to be included in the Annual Report must be submitted concurrently with the Annual Financial Statements

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

Draft Annual Report was tabled to Council on 31 January 2024 and subsequently be approved on 31 March 2025. The report will be discussed at the Municipal Public Accounts Committee with recommendations made to Council.

The process of the Annual Report will be finalized on 31 March 2025 by way of submitting the Annual Report to the Provincial Legislature. The Kai !Garib Local Municipality complied with all legislative and legal requirements in the completion of this process.

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

CHAPTER 2

GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

In terms of chapter 3 (18) of the Municipal Structures Act 117 of 1998

(1) Municipalities must have a Municipal Council

(2) A Municipal Council must meet at least quarterly

(3) A Municipal Council should consist of a number of Councillors determined by the MEC of local government in the province concerned by notice in the Government Gazette

(4) A Municipality has the power to designate Councilors determined by the MEC for Local Government as a full time MEC. An MEC's determination must be in accordance with a policy framework as determined by the Minister after consulting the MEC for local Government.

Section 152 of the constitution Act 108 of 1996 (1)

(2) A MunicipalCouncil must annually review

(a) The needs of the community

(b) Its priorities to meet those needs

(c) Its process for involving the communities

(d) Its organizational and delivery mechanism for meeting the needs of the community and

(e) Its overall performance in achieving the objectives referred in sub-section 1.

Kai !Garib Municipality has 18 Councillors and it has 10 wards. Ten of the 18 Councillors are ward based, the rest are proportional representatives. The Mayor is a non- executive Mayor.

The nature of governance within the Local Municipality is such that it is spread across political and administrative governance.

The Political Governance Structure deals with the political governance of the Local Municipality through Political Office Bearers; Council and Committees.

The Council performs both a legislative and an executive function. The Council plays a very active role in the operations of the Kai !Garib Municipality.

The Municipality operates on an Executive Committee system, with the Mayor being the Chairperson of the Executive Committee.

Photos	POLITICAL STRUCTURE	
		Function
	**MAYOR** (Cllr M. Matthys)	The Mayor is the chairperson of the Executive Committee. He performs the duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by the MunicipalCouncil or Executive Committee
	**SPEAKER** (Cllr E. Vas)	Ensure the orderly flow of business, provide the Council with political leadership and strategy. Preside over meetings of the Council. Identify training needs of Councillors and address them.
	**CHIEF WHIP** (Cllr R. Saal)	The Chief Whip bears the leadership responsibility of motivating, advising and instilling discipline among all members.

EXECUTIVE COMMITTEE (Chaired by the Mayor)

(Cllr A. Presley (ANC) (left) and Cllr T. Renier (HFTF) (right))

The Council established an Executive Committee comprising of 3 members. The Mayor in conjunction with the Council decides when and where the EXCO meets. It is composed in the following way: ANC 2 seats and HFTF 1 seat

The entire Council comprises the following members:

NAME	WARD	PROPORTIONAL	PARTY
 **Cllr A. Presley**	**1**	**No**	
 **R Ipinge**	**2**	**No**	
 **J White**	**3**	**No**	

 **R Saal**	**4**	**No**	
 **E Padmaker**	**5**	**No**	
 **YE Scheffers**	**6**	**No**	

 A Johnson	7	No	
 M Basson	8	No	
 M. Matthys	9	No	
 E.N. Vas	10	No	

 **RW Cloete**	**PR**	**Yes**	DA ONE NATION. ONE FUTURE
 **A. Kampher**	**PR**	**Yes**	DA ONE NATION. ONE FUTURE
 **CA April**	**PR**	**Yes**	EFF
 **C Maasdorp**	**PR**	**Yes**	DA ONE NATION. ONE FUTURE

 **SA. Bruwer**	**PR**	**Yes**	
 **R Trompie**	**PR**	**Yes**	Hope for the future
 **M. Basson**	**PR**	**Yes**	Hope for the Future
 **AC Kotzee**	**PR**	**Yes**	Hope for the Future

 **N Du Plessies**	**PR**	**Yes**	Hope for the Future

The Council is led by the African National Congress (ANC) with ten (10) representatives, three (3) representatives from the Democratic Alliance (DA), and four (4) from Hope For The Future (HFTF) , one from the Economic Freedom Fighters (EFF) and one from the Freedom Front Plus(FF+).

The following Section 79 committees have been established:

Committee for Infrastructure Development

Committee for Institutional Development

The Executive Committee

Committee for Municipal Public Accounts (MPAC)

Local Labour Forum

Disciplinary Committee

Training Committee

Members of the MPAC:

Municipal Public Accounts Committee (MPAC)

MPAC is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council and is not a duplication of other committees of Council, such as the Finance Committee or the Audit Committee.

The primary functions of the MPAC are as follows:

i. To consider and evaluate the content of the Annual Report and to make recommendations to the Council when adopting an oversight report on the Annual Report.

ii. To examine the financial statements and audit reports of the Municipality and in so doing, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.

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

a) MJ. Basson (ANC) Chairperson
b) A. Johnson (ANC)
c) AP. Presley(ANC)
d) A. Kampher (DA)
e) M. Basson (HFTF)

Adhoc committees for specific items are also established, like Local Labour Forum, Council/Administration Committees for Housing and Finance. Etc.

A complete administrative calendar is attached to Appendix B

2.2 ADMINISTRATIVE GOVERNANCE

Administrative Governance Structures

Administrative Governance Structures, on the other hand, focuses on the administration and management of the Municipality. This is vested in the Municipal Manager who is the Accounting Officer. The Senior Management Team comprising of Directors who assist the Municipal Manager. The Municipal Manager is tasked with the establishment, development and management of sound and effective Municipal administration.

In terms of the MFMA s 60(b) The Municipal manager of a Municipality is the accounting officer of the Municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures, political officer bearers, and officials of the Municipality and any entity under the sole or shared control of the Municipality.

In accordance with the MFMA s 61 (1)

The accounting officer of a Municipality must –

(a) Act with fidelity, honesty, integrity and in the best interests of the Municipality in managing its financial affairs;

(b) disclose to the MunicipalCouncil and the mayor all material facts which are available to the accounting officer or reasonably discoverable, and which in any way might influence the decisions or actions of the Council or the mayor; and

(c) seek, within the sphere of influence of the accounting officer, to prevent any prejudice to the financial interests of the Municipality.

The Administrative Governance Structure of Kai !Garib Municipality is as follows:

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

(Mr OJ Isaacs)

Function

The Municipal Manager heads the administration of Kai !Garib Municipality and provides the link between the political and administrative arms of the Municipality

DIRECTOR: CORPORATE SERVICES

(Adv. RS Neethling)

Responsible for the following functions : Legal Services, Secretariat, Public safety, Human Resources, Communication and Information Technology

DIRECTOR: TECHNICAL SERVICES

(Mr M. Links)

Responsible for all Water, Sanitation, Technical, Parks, Electricity and Roads Services of the Municipality

DIRECTOR: FINANCE

(Mrs. AF Beukes)

Responsible for the financial administration of the Municipality, as prescribed by legislation

Mr. B Kordom

DIRECTOR: PLANNING AND DEVELOPMENT

Render a comprehensive function regarding town planning and development, the spatial development framework, local economic development opportunities, property transactions, nature conservation projects, valuations and building control functions within the jurisdictional boundary of the Municipality.

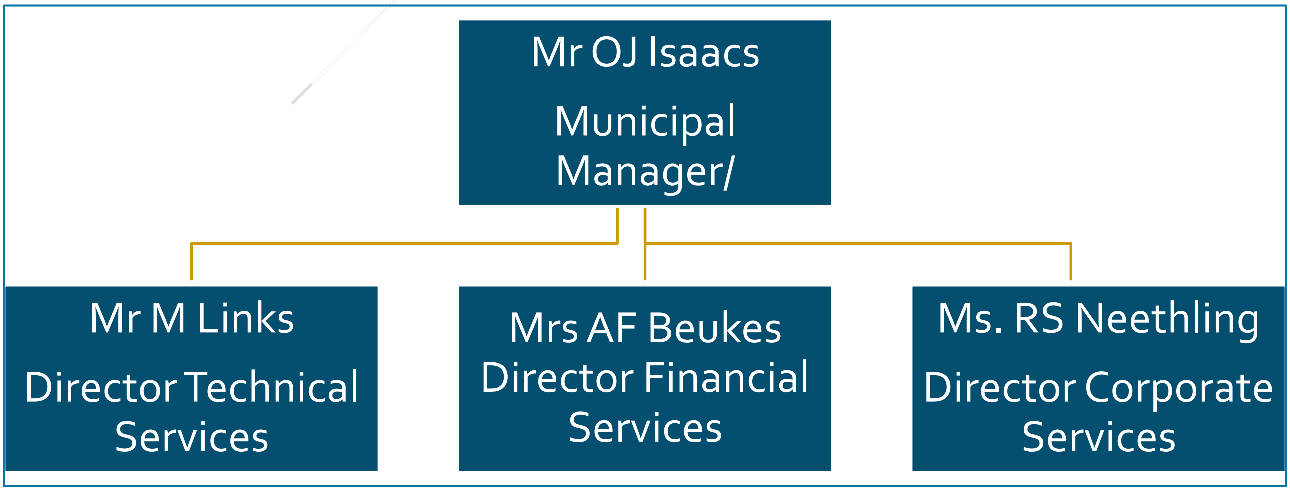
The Municipal Manager assisted by his directors is responsible for Corporate Governance of the Local Municipality. This entails Risk Management, Anti-Corruption and Fraud, Internal Audit, Supply Chain Management, Oversight Committees, etc.

The Municipal Manager is the head of the Municipal Administration. Subject to the policy directions of the Municipal Council, the Municipal Manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration.

The Municipal Manager must make sure the administration is equipped to implement the Local Municipality's Integrated Development Plan, that it operates in accordance with the Local Municipality's Performance Management System, and that it is responsive to the needs of the local community.

The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Municipal Manager as an Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

The Local Municipality has an administrative arm, headed by the Municipal Manager and is assisted by Directors who report directly to him.



COMPONENT B: INTERGOVERNMENTAL RELATIONS (IGR)

2.3 INTERGOVERNMENTAL RELATIONS (IGR)

Intergovernmental Relations [IGR] are interactions among Government stakeholders. These interactions include Government Departments, District Municipalities and the Local Municipality. IGR is a system of institutional co-operation that addresses relations of equality and interdependence as per the Constitution.

IGR provides insight by assessing the strengths and weaknesses of stakeholders. It also works as an oversight function on governmental roles and service delivery across all governmental spheres.

Constitutional Framework for Government in South Africa

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

The role of a District Intergovernmental Forum is to serve as a consultative forum for the Local Municipalities to discuss and consult each other on matters of mutual interest, including-

a) Draft National and Provincial policy and legislation relating to matters affecting Local Government;
b) The implementation of National and Provincial policy and legislation with respect to such matters in the Municipality;

c) Matters arising in the Premier's Intergovernmental Forum affecting the Municipality;
d) Mutual support in terms of section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
e) The provision of services in the Municipality;
f) Coherent planning and development in the Municipality ;
g) The co-ordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the Municipalities; and
    1. Any other matters of strategic importance, which affect the interests of the Municipalities.
    2. A Local Intergovernmental Forum may refer a matter arising in the forum to-
    a) The Premier's Intergovernmental Forum; or
    b) Any other Provincial Intergovernmental Forum established

A financial year consists of 4 quarters of which the Technical IGR and Political IGR are required to sit each quarter to comply with the Framework

Any IGR's key task is to provide a platform where stakeholders interact, share information, challenges and consult among one another. The IGR is the key driver of activities across all organs of state and is crucial when it comes to coordinate activities and executing them. Currently, the IGR has been a useful avenue when it comes to service delivery in Local Municipalities and other Stakeholders and it also serves to keep each and every Stakeholder abreast of the state of service delivery within the Municipality.

The benefits of sound Inter-Governmental Relations at the Local level ensure that issues or challenges are resolved efficiently to ensure a cost-effective service to the community.

Act 117 of 1998 which is the Municipal Structures Act states in Section 84 (a) that a District Municipality is responsible for integrated development planning for the District Municipality as a whole including a framework for integrated development plans for all Municipalities in the area of the District.

Kai !Garib Municipality is a non-delegated Municipality and reports monthly and quarterly to National Treasury. During the year there are various meetings attended with National Treasury.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

i. Introduction

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

The Integrated Development Plan is therefore defined as a: "principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the Municipality" Municipal Systems Act 32, 2000, Chapter 5 Section 35 1(a).

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

ii. IDP Process Plan

Section 21 of the MFMA requires the Mayor to table a time schedule that sets out the process to draft the IDP and prepare the budget, ten months before the start of the new financial year. The Council subsequently approved a process plan and commenced with its implementation. The process plan was adopted on31 August 2020.

iii. IDP Representative Forum Meetings

Subsequent, to the above mentioned, public meetings were held under the supervision of the Mayor and Councillors at various venues across the Municipal areas where inputs were received from the communities residing in the Kai !Garib Municipal area. Many of these were general comments, some specific requests, all of which were noted. The draft documents were distributed to all Municipal service points and published on the Municipality's website requesting written inputs. All this was conducted in line with current legislation.

We communicate via our local newspaper and by making use of a loud hailing system within our communities. Communication is also exercised through the use of Community Development Workers, Ward Committees as well as information sessions.

The IDP Representative Forum is responsible for:

- Provide an organizational mechanism for discussion, negotiation and decision making between stakeholders.
- It represents the interest of their constituencies in the IDP process.
- Monitors the performance of the planning and implementation process.
- Comprises of the Mayor, Councillors, Municipal Manager, Directors, representatives of various sectors, NGO's, Government Departments and specialized community members.

iv. Public Participation

During the engagement sessions Communities were expected to indicate what services they required from the Local Municipality.

Communities indicated the following suggestions and concerns during the public participation process:

Ward 1

- Water Supply
- Land Development
- Job creation
- Developing and Assisting local businesses
- Sanitation and Sewerage
- Awareness programmes for Gender Based Violence
- Alcohol and drug abuse
- Electricity
- Roads and Street Development
- Crime and Vandalism

Ward 2

- Fencing of Hall and Cemetery
- Youth development centre
- Erection of Library
- Agriculture and commonage management
- Business development
- Upgrading of Sports Facilities
- Job Creation
- Housing
- Water Supply
- Electricity
- Sanitation/ sewerage

Ward 3 & 4

- Erection of library closer to the community
- Business development
- Centre for elderly and elderly home
- Women development and Youth Development
- Upgrading of Kakamas Hostel
- Upgrading of sportsgrounds
- Job Creation
- Water supply
- Housing
- Upgrading of internal roads
- Electricity
- Commonage

Ward 5	• Housing • Water supply • Sanitation/ Sewerage • Job Creation • Upgrading of cemetery • Upgrading of community hall and sport facility • High Mast Lighting • Upgrading of Internal Roads • Commonage
Ward 6	• Land development • Job creation • Business development • Youth, Women Development • Water supply • Electricity • Sanitation and Sewerage • Waste removal and upgrading of dumping site • Upgrading of sport facility
Ward 7	• Invited stakeholders and community members did not take part in the process
Ward 8	• Land development • Housing • Sanitation, Sewerage • Water supply • High Mast Lighting • Upgrading of sports facility • Electricity • Job Creation • Street and Roads Development
Ward 9	• Youth, women Development • Electricity • Agriculture and commonage • Banking facility • Upgrading of healthcare • Housing • Cleaning projects • Water supply • Sanitation and sewerage • Road development • High mast lighting • Upgrading of sports facility

Interest Groups

- Waste Removal
- Water supply
- Sanitation and sewerage
- Internal road development
- Crime and vandalism
- Electricity
- Upgrading of existing infrastructure
- Upgrading of sports facilities

v. Compliance

- Draft IDP 2024/25 was approved on 30 March 2024.
- A final IDP was then tabled to Council on 31 May 2024 to accommodate changes that were made in the budget.
- Chapter 6 of the IDP outlines the linkage between the Local Municipality's strategic objectives and its long terms goals that find expression in the implementation of the Key Performance Indicators

vi. Challenges

- Poor attendance of IDP Rep Forums meetings
- Poor community attendance

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes

Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the Provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

2.6 WARD COMMITTEES

The Local government legislations made a provision for local authorities to establish a system of participatory democracy at the local level in the form of Ward Committees. Ward Committees were introduced in Municipalities as community structures to play a vital role in linking and informing the Municipalities about the needs, aspirations, potentials and problems of the communities. They were established to form the bridge between local Municipalities and communities by facilitating proper communication. By working directly with the Municipality, Ward Committees, serve as a cord which articulates the new system of local government to the majority of the people, more especially to previously disadvantaged communities. Ward Committees have an important role to play in actively taking part and determining core Municipal business such as Integrated Developmental Planning, Budgeting, Municipal performance management process, without which democracy cannot be said is rooted among the people. Ward Committees are a creation of legislation, the Municipal Structures Act, giving effect to the Constitution of South Africa.

Ward Committees have dealt with a variety of community needs, problems and aspirations at ward level. The major issues among others were housing challenges, road infrastructure, water and electricity

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

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

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

Establishment of Ward Committees

Ward Committees have been established in all our wards

Status of Ward Committees

Kai! Garib: All ward committees are functional except ward 10

The Ward Committee members receive a stipend of R500 every month.

CHALLENGES ENCOUNTERED

- Budget not sufficient to reach departmental objectives and goals
- The geographical vastness of the area

COMPONENT D: CORPORATE GOVERNANCE

2.7 RISK MANAGEMENT

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

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

The principal purpose of the Risk Management Unit, where available, is to facilitate, support and advise line management and employees in relation to the management of risk. It is not their responsibility to manage risks identified within a service. The management of risks is a Line Management function and responsibility.

A top-down view is taken of the Local Municipality so as to better understand the environment within which the Local Municipality operates, in developing our understanding of the various activities of the Local Municipality.

The MFMA S (62) (i) (c) requires a Municipality to have and maintain an effective, efficient and transparent system of risk management. Kai !Garib Municipality has had three Risk Management Workshops in conjunction with National Treasury in which the entire upper, middle and lower management were involved.

The post for Risk Management was filled during April of the 2013/14 financial year and the Municipality also appointed a Risk official during the 2014/15 financial year.

A complete risk assessment was done at the beginning of the 2014/15 financial year. All the policies and charters were approved and implemented. The Risk Management Committee has been established and consists of all the directors of the Municipality as well as an external Chairperson. Risk follow ups were completed for quarter four and all the reports were timeously submitted to the Municipal Manager, Internal Auditor and the Audit Committee. All exceptions raised by internal audit were resolved for 2015/16 within this department. The Risk Committee chairperson was appointed during the 2015/2016 financial year.

The table below represents the Strategic Risk Register:

Risk description	Cause	Effect (Impact)	Inherent Risk (L,M,H)	Existing Controls
Inability to deliver core Municipal Services over a short to medium term	Poor conditions of equipment & machinery Ageing infrastructure Incompetent and skilled workforce	MFMA section 139 Sec 139 of the constitution Community protests Lawsuits	High	Ad hoc in-house maintenance of equipment & machinery Replacement of infrastructure such as pipes, pumps and water plants equipment Upgrading, for example the water purification plants Training interventions such as water quality management services
Organizational structure not responsive to the execution of constitutional mandate	Vacancies at critical positions Inadequate provision of functions/positions in the current organogram	Compromised service delivery	High	Appointment of personnel to act in vacant critical positions
Lack of credible strategic planning instruments	Poorly designed objectives (not SMART) Non consideration of resources Inadequate Public participation processes	Non achievement of performance targets Compromised financial sustainability	High	No controls for SMART principle and allocation of resources during planning processes Public participation processes extended to settlements and not only wards

Lack of accountability and consequence management	Ineffective administrative & political oversight Poor administrative/political interface Non implementation of recommendations from oversight structures Perceived political interference	Noncompliance with applicable legislation & prescripts	High	Regular MPAC, Audit Committee and EXCO meetings Troika meetings between the Mayor, speaker and senior management Audit action plans
Lack of Financial Sustainability	Ineffective administration of indigents Ineffective measures to ensure that the KGLM meets financial obligations Poor revenue management Dependency on grants Unfunded budget	Financial distress Section 139 of MFMA	High	Annual updating of indigent register Debt collection unit (No control over grant dependency and unfunded budget)
Occurrence of Unauthorised, Irregular and Fruitless & wasteful expenditure	Inability to remain within the allocated budget Noncompliance with SCM processes Poor & improper planning within Departments Late payments to suppliers Political interference	Unfavorable audit opinion Noncompliance with applicable prescripts	High	No controls

Asset register may not be credible	Over/under stating of assets in the AFS Reclassification of prior year figures Incorrect disclosures	Unfavorable audit opinion	Medium	Annual physical asset verification for fixed assets Quarterly physical asset verification for movable assets Utilization of a Data logger
Business continuity	Poor ICT infrastructure	Reputational damage Disruption of services	High	No controls

2.8 FRAUD AND ANTI-CORRUPTION

Recognizing that the working environment and organizational culture are the most significant factors that determine how much of a target for Fraud and Corruption an organization will be, the Municipality, therefore, has adopted a prevention approach as it is about understanding the internal and external risks coupled with regular analysis of the administrative environment. Council adopted a Fraud Prevention Strategy and Plan as well as Fraud and Anti–Corruption Policies.

These policies and plans create an enabling environment for the development and establishing of anti-fraud culture within our institution. It aims to give assurance to the people that Kai !Garib Municipality is serious in giving assurance to the workers and the people that we enforce sound financial and public service principles. Through regular fraud risk monitoring, the Municipality manages to enforce low to zero tolerance to risks and that controls are being implemented. Consequently, responsibility is taken to avoid the negative impact that possible Fraud may have on the institution and public service.

Annual and quarterly Fraud awareness sessions raise awareness levels within the institution.

In its combat against all forms of Fraud and Corruption, the Municipality aims to remain pro-active in the fight against fraud.

The Institute of Internal Auditors defines internal auditing as follows:

"… an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Kai !Garib Municipality has a range of measures to prevent corruption, fraud and theft; these are in sync with the National anti-corruption strategy.

The Municipality approved its Fraud Prevention Policy on 28 June 2022.

According to section 6 of the policy the Internal Audit unit will investigate all complaints of fraud and corruption with the assistance of different Units/ Departments and individuals.

All whistleblowers' identities will remain confidential to prevent victimization. According to section 7.3 of the policy, any action to cover up and or to retaliate against or victimize witnesses is strictly forbidden and constitutes punishable conduct within the Municipality

2.9 SUPPLY CHAIN MANAGEMENT

In accordance with Regulation (6)(2) (a) (i) of the Municipal Supply Chain Management Regulations, we hereby submit the required report on the implementation of the Kai !Garib Local Municipality Supply Chain Management Policy.

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

SUPPLY CHAIN MANAGEMENT POLICY

MFMA S110-119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

Supply Chain Management (SCM) is necessary to ensure a sustainable and accountable supply chain that promotes black economic empowerment and local economic development. The drafting and implementation of both an SCM policy and procedures have ensure that the processes are fair, equitable, transparent, competitive, environmentally friendly and cost effective, in accordance with the rules and regulation from the spheres of government.

The Supply Chain Management Policy was reviewed in accordance with Section 3(1)(b) of the Municipal Supply Chain Management Regulation of 2005, and all requirements of the Treasury guidelines were taken into account.

The Municipality is currently operating a decentralized SCM unit and is in the process of converting to a centralized structure, which will promote and enhance an open and fair tendering process to all suppliers, regardless of the particular communication media that they may have access to. This system will level the playing field for all suppliers.

The table on the following page reflects the tender register for 2023/2024:

Tender Register 2023/2024

Municipality: Kai !Garib Local Municipality
Date: 01-Jul-23
Year end: 30-Jun-24

Bid No	Date Advertised	Closing Date	Description	Department	Funding	Status	Responsible Person	Bidders (Price List)	Tender Amount (Price List)	Successful Bidder	Amount	Total Preference Points
T001/2024	27/07/2023	15/08/2023	VREDESVALLEI-REHABILITATION OF SEWER PLANT	TECHNICAL SERVICES	WSIG	AWARD	Gavin Matthews	NewGen Pumps & Valves (Pty) Ltd Riemvasmaak Bouers (Pty) Ltd Purpleglaze (Pty) Ltd Elohim Erets Retailers cc Vuka Zezele Construction Lettam, Minatlou JV JV Nkhesebo Solutions	R 6 811 774.53 R 6 775 367.83 R 6 332 792.40 R 6 556 937.75 R 4 979 825.57 R 9 303 708.15 R 5 687 547.53	Purpleglaze (Pty) Ltd	R 6 332 792.40	100
T002/2024	30/06/2023	14/07/2023	ELECTRIFICATION OF HOUSE IN BOOMPLAAS AND KENHARDT	FINANCE SERVICES	INEP	CANCELLED	Gavin Matthews	ZIZWE DSD Rivigan Infrastucture Solutions	R 4 622 246.44 R 4 651 186.51	CANCELLED	CANCELLED	CANCELLED
T003/2024	28/07/2023	11/08/2023	THE SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING	TECHNICAL SERVICES	KGLM	AWARD	Gavin Matthews	Pienaar Brothers(Pty) Ltd Thamsanga Traders Gontlafetse Projects & Investments Bhekumseti Glass & Alluminium (Pty) Ltd	R 3 720.25 R 0.00 R 0.00 R 6 353.00	Pienaar Brothers(Pty) Ltd	R 3 720.25	100
T004/2024	28/07/2023	25/08/2023	PROVISION OF SECURITY SERVICES FOR THE PERIOD OF THREE (03) YEARS	CORPORATIVE SERVICES	KGLM	CANCELLED	Gavin Matthews	NONE		CANCELLED	CANCELLED	CANCELLED
T005/2024	28/072023	25/08/2023	PROVISION OF WATER & ELECTRICITY VENDING STATION	FINANCE SERVICES	KGLM	CANCELLED	Gavin Matthews			CANCELLED	CANCELLED	CANCELLED
T006/2024	03/08/2023	25/08/2023	ELECTRIFICATION OF HOUSE IN BOOMPLAAS AND KENHARDT	TECHNICAL SERVICES	INEP	AWARD	Gavin Matthews	Mmwirwa Trading (Pty) Ltd Adoforce Electrical Contractors Bohlabela Systems	R 3 286 009.54 R 4 747 046.75 R 3 825 293.35	Mmwirwa Trading (Pty) Ltd	R 3 286 009.54	100
T007/2024	17/11/2023	13/12/2023	SPORT FACILTY MARCHAND	TECHNICAL SERVICES	MIG	CANCELLED	Gavin Matthews	SM Construction and Supplies Phalethu 0513 Construction Skyshelf Minatlou JV Brunel Engineering (Pty) Ltd Elohim Erets Retailers cc TR Plant Hire and Construction R Mahange and Associates Vuka Zezele Construction	R 7 467 699.80 R 8 062 161.25 R 8 512 515.66 R 10 279 164.44 R 11 337 923.03 R 12 364 143.42 R 14 698 231.08 R 18 748 390.43	CANCELLED	CANCELLED	CANCELLED
T008/2024	01/03/2024	26/03/2024	Framework Contract for The Appointment of A Panel of Contractors for the Construction of Electrical Infrastructure Projects for 36 months	TECHNICAL SERVICES	KGLM	AWARD	Gavin Matthews	Brunel Engineering (Pty) Ltd Iceburg Trading Bohlabela Systems Mzozu Tradning Enterprises Mmwirwa Trading (Pty) Ltd Kingki Electrical Contractors Machabe Enterprises (Pty) Ltd Triple Seven Contruction (Pty) Ltd Fany Electrical (Pty) Ltd Sekankoe Engineering	86 86 87 77 71 90 74 37 34 48	Mmwirwa Trading (Pty) Ltd Kingki Electrical Contractors Bohlabela Systems Iceburg Trading	Panel	100
T009/2024	08/05/2024	27/05/2024	KEIMOES 11KV BULK UPGRADE PHASE 2&3	TECHNICAL SERVICES	INEP	AWARD	Gavin Matthews	Mmwirwa Trading (Pty) Ltd Kingki Electrical Contractors Bohlabela Systems Iceburg Trading	R12 977 837.40 R0.00 R19 073 637.21 R16 889 571.96	Iceburg Trading		100

2.10 WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the Kai ! Garib Municipal Website	**Yes / No**
Current annual and adjustments budgets and all budget-related documents	YES
All current budget-related policies	YES
The previous Annual Report 2021/2022	YES
The Annual Report 2021/2022 to be published in 2023	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 1) and resulting scorecards	YES
All service delivery agreements 2021/2022	YES
All long-term borrowing contracts 2021/2022	YES
All supply chain management contracts above a prescribed value R100 000 for 2021/2022	YES
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2021/2022	YES
Contracts agreed in 2020/2021to which subsection (1) of section 33 apply, subject to subsection (3) of that section	YES
Public-private partnership agreements referred to in section 120 made in 2021/2022	N/A
All quarterly reports tabled in the Council in terms of section 52 (d) during 2021/2022	YES

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

In terms of Section 75 (1) of the MFMA, Municipalities are required to place certain documents on their website. The Kai !GaribLocalMunicipality has a fully functional website that is maintained and updated by the Communication Unit. The system has proven to be effective and it also serves as a means of providing evidence if required about the content management of the website. The website consists of more than just legislative information, it shares information about the functions of the LocalMunicipality, projects and means by which the community can contact the LocalMunicipality.

The Municipality has an up and running website which is updated as soon as new information becomes available and it is easily accessible through computers with internet access in all our libraries.

The website also serves as an information tool for the following:

Updated news on Municipal events

Updated copies of the Municipality's publications

Updated pictures of events which took place

Details of policies and document reporting which took place for the financial year.

The policies and procedures which governs the Municipality can also be found on the website.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

PUBLIC SATISFACTION LEVELS

During the year under review, the Local Municipality did not engage on any public satisfaction surveys.

Kai !Garib Municipality is a leader in client and customer service. We have a fully equipped and fully staffed Call Centre which caters completely to the needs of the community within our Municipal boundary. We have in our employ fully trained and equipped switchboards and Call Centre operators. We agree and comply completely with the Batho Pele principles as set out by National Government. The Office of the Premier launched an initiative so as to instill the principles within the employees as well as the community of Kai !Garib. These measures include community feedback boxes through which members of the community may submit their complaints as well as their suggestions directly to the Council through specific processes.

2.12 OVERSIGHT COMMITTEE

The Kai !Garib Municipality has an Oversight Committee and there is a Municipal Public Accounts Committee in place.

2.13 BY-LAWS

The formation of the Land Use Management By-laws was identified as one of the key points towards the implementation of SPLUMA. Members of the public were given sufficient time to provide comment, give input and obtain clarity on the by- laws.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

The performance of the Municipality is measured against key performance objectives and indicators in the IDP and in this chapter an overview of the deliverables achieved in the delivery of basic services, local economic development, health, security and safety will be addressed.

In order to ensure sustainable provision of Municipal services to all its residents, Kai !Garib Municipality embarked on various projects that seek to improve the level of services. These projects have also considered the eradication of backlogs and provision of basic services to indigents, despite inadequate funding to address backlogs.

The Municipality does not deliver any services through Municipal entities.

COMPONENT A: BASIC SERVICES

The continuous influx of people to the urban areas is putting severe pressure on the Municipality's ability to provide services to an acceptable and sustainable standard. Backlogs in housing, water, sanitation and electricity services are growing with the growth in informal houses on non-serviced erven. Backlogs will be discussed in more detail in Chapter 5.

The Municipality is the service provider for all basic services, except for electricity services, where some of the rural parts of the Municipal area are within the Eskom licensed area of supply.

Several projects have been undertaken during the year to address backlogs and other needs for basic service delivery and will be dealt with in more detail during this chapter.

Municipal Infrastructure Grant

1. INTRODUCTION

This report serves to evaluate Kai! Garib Local Municipality financial and non-financial performance in respect of the Municipal Infrastructure Grant (MIG) and submit such report to the National Transferring Officer (Department of Cooperative Governance) in terms of Chapter 3, Section 12(5) of the Division of Revenue Act, 2018.

The objectives of the evaluation are to report on the progress of the MIG program implementation for 2023/2024 financial year.

2. BACKGROUND

2.1 Program History

The MIG program was established in the 2004/2005 financial year through the consolidation of various infrastructure grants. *Kai! Garib Local Municipality*) has been the beneficiary of the grant since inception.

2.2 Grant Purpose

The purpose of the grant is to provide capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprise and social institutions servicing poor communities.

The outputs of the program for are: -

- Infrastructure for:
  - ✓ basic water and sanitation
  - ✓ central collection points for refuse, transfer stations, recycling facilities and solid waste disposal sites
  - ✓ sport and recreation facilities
  - ✓ street and community lighting
  - ✓ public facilities
- The number of kilometers of municipal roads developed, upgraded and maintained.
- Number of work opportunities and full-time equivalents (FTE’s) created using the Expanded Public Works (EPWP) guidelines for the above outputs.

2.3 Allocation for the past 3 years

The MIG allocations to Kai! Garib Municipality for the past three financial years is indicated in table 1 below:

Table 1: MIG allocation

	2021/2022	2022/2023	2023/2024
Original allocation (R')	23 485 000	25 097 000	34 057 000
Roll over approved	0	0	0
Additional allocation	0	0	0
Stopped allocation	5 000 000	20 097 000	2 278 000
Final allocation	18 485 000	5 000 000	31 779 000
Amount spent	14 947 662	5 000 000	19 431 695
Amount not spent	3 537 338	0	12 347 305

- During the FY, 2023/2024 our allocation was R35 057 000, of which R2 278 000 was deducted due to reallocation and Gazette in October 2023.

2.4 Key Challenges since onset (establishment of the program)

- The financial constraint of the municipality resulted that service providers not to be paid on time.
- The procurement procedures that delayed the commencement of projects.
- Unrest that occurred in the communities caused huge delays on the projects.

3. EVALAUTION

3.1 Progress to date

Table 2 below provides summary of progress in relation to projects implemented during the 2023/2024 financial year.

Table 2: 2023/2024 summary project progress

Project ID	Project Name	MIG Approve budget (R')	Exp. in previous fy (R')	Balance (R')	2023/20224 budget (R')	2023/2024 exp. (R')	Physical progress (%)
393874	Kakamas: Access & Collector Roads	15 301 523	1 389 936	12 931 711.27	12 931 711.27	R 2 774 083.52	25
470501	Vredesvallei: Upgrading of Water Supply and Distribution Network (MIG 1578)	5 816 887	560 841	241 200	5 014 846	R 8 576 349	100
500123	Augrabies: Upgrading of Water Supply Purification Plant (MIG 1581)	12 125 276		150 548.63	13 944 068	13 661 305.74	86
469200	**Marchand: Sports Facilities (MIG 1647)**	R 8 000 095		7 488 318	8 000 095	511 777	15
	PMU	1 302 850		352 381	1 302 850	950 469	73
				Total	**27 292 744,63**	**26 473 984,26**	

Detailed progress on projects implemented over the 2023/2024 financial year are reflected in the tables below:

National Registration Number	Project Name (incl sub-place) Must be the same as in the MIG 1	Project start date	Project Status	Total Project Cost	Registered MIG Funds	Counter Funding	MIG Expenditure on Previous Allocations (incl 2022/23)	Counter Funding on previous MIG Expenditure (incl 2022/23)	Total MIG Expenditure 2023-2024 (Invoices Paid)	Counter Funding 2023-2024 (Paid Invoices)	Total Actual Project Expenditure	MIG Registered Value: Balance (Actual)	Total Project Cost Balance
MIG/NC0773/R,ST/21/23	Kakamas: Access & Collector Roads	2021-2022	Construction	18 001 791	15 301 523	2 700 269	1 389 936	0	979 875	404 272	R2 774 083,52	R12 931 711,27	15 227 708
MIG/NC0798/W/22/23	Vredesvallei: Upgrading of Water Supply and Distribution Network (MIG 1578)	2022-2023	Construction	6 843 397	5 816 887	1 026 510	560 841	0	5 014 846	3 000 662	8 576 349	241 200	-1 732 952
MIG/NC0799/W/22/23	Augrabies: Upgrading of Water Supply Purification Plant (MIG 1581)	2022-2023	Construction	13 944 068	12 125 276	1 818 791	0	0	11 974 727	1 686 578	13 661 305,74	150 548,63	282 762
MIG/NC0828/CF(SP)/23/24	Marchand: Sport Facilities (MIG 1647)	2022-2023		8 000 095	8 000 095	0	0	0	511 777		511 777	7 488 318	7 488 319
	Kai !Garib Municipality Project Management Unit (PMU)	2006/2007	On-going	1 302 850	1 302 850	0	0	0	950 469	0	950 469	352 381	352 381
				87 115 792	76 682 119	10 433 673	32 818 580	5 287 327	19 431 695	7 539 810			
				ADJUSTED MIG ALLOCATION 2023/2024					31 779 000				
				% EXPENDITURE / ALLOCATION					**61,15%**				

Detailed progress on projects implemented over the 2023/2024 FY are reflected in the above table

Project #1: Kakamas: Access & Collector Roads

Item No.	Item Description	Detail information
2	Scope of work (2023/2024 plan)	The project entails of phases namely: Phase 1 = 2,655meters Phase 2 = 2,664 meters TOTAL = 5,319 meters The planned width of all the roads is 6,0meters, except for one street in phase 1, Binne street, with a width of 7,0 meters. This road is the main collector road in the township.
3	Construction period	5 months
4	Consultant	Stabilis Development (Pty)Ltd
5	Contractor	Letsebele Transport and Trading
6	Implementation Plan (contractor)	Tender Closing date: 13 July 2022 Tender award date: 18 October 2022 Contract start date: 18 October 2022 Practical completion: Construction Completion / Handover: Not Completed/ Suspended Defects liability period: 12 months
7	Progress	Against 2023/2024 scope: The progress on the project is currently suspended due to an unrest that took about two to three months. As a result, to certain community members that is unhappy.
8	Major / key challenges (if delayed)	Since the handover of the project in October 2022, there has been an unrest in caused a huge delay. community. The project was restarted on the 2 February 2023 and the contractor needed to re-plan the project. The community stopped the contractor on numerous instances and the contractor was not able to resume with construction. The project was suspended again on the 27 October 2023. The Contractor return to site on the 12 January 2024 to resume with the works. Currently the project has not resumed to date. There is currently no construction at this project. Due to such delays the project had a negative impact on the performance of the municipality. Engagement with the community also took place on a regular basis with regard to the project.

9	Remedial Actions	Council conducted several meetings with the community to resolve concerns that was raised.
10	Impact of the project to the community	The project is not completed, the community will then be able to use a paved road and no longer a gravel road.
11	Number of Households benefitted and Backlog eradicated. (Indicate strategy to completely eradicate backlog, if not fully eradicated)	2 697

Funding registered by MIG

Total Project Costs	**MIG Funds**	**Counter Funding**
R 18 001 791	**R 15 301 523**	**R 2 700 269**

Project Expenses

Total Project Expenditure	**MIG Funds**	**Counter Funding**
R 11 834 660	**R 9 275 642**	**R2 559 026**

Project #2: Vredesvallei: Upgrading of Water Supply and Distribution Network

Item No.	Item Description	Detail information
1	Project Description	Upgrading of two raw water pumps to capacity of 13.89m3/h
2	Scope of work (2022/2023 plan)	Supply and replace existing motor control panels for raw water and purified water pumps Construct up flow filtration purification plant (UFMC-1500-1) with capacity of 246 000 l/day Construction of foundation for UFMC filter Construction of 8.54m x 3.663 press steel tank Construction of foundation for press steel tank Supply and install two 10 000l plastic tanks as balancing tanks for pumps Install residential water management devices (No. 150) Extending distribution network (230m of 75mm uPVC pipe)
3	Construction period	6 months
4	Consultant	Stabilis Development (Pty) Ltd
5	Contractor	Riemvasmaak Bouers
6	Implementation Plan (contractor)	Tender Closing date: 20 September 2022 Tender award date: 31 January 2023 Contract start date: 31 January 2023 Practical completion: Construction Completion / Handover: Practical completion Defects liability period: 12 months
7	Progress	The progress on the project is at 100%. The plant room was refurbished. The works mainly comprise of the construction of a raw water river extraction point, raw water storage dam, water purification plant and distribution network with site connections. All installations of specialized equipment have been finalized. The water plant is currently processing and delivering clean

Item No.	Item Description	Detail information
1	Project Description	Upgrading of two raw water pumps to capacity of 13.89m3/h
		drinkable water to the community. The contractor has completed all construction activities as per scope.
8	Major / key challenges (if delayed)	There were no delays on the project. We had to rotate workers on a monthly basis as per request from the community.
9	Remedial Actions	Payments was done in time.
10	Impact of the project to the community	Community will have potable water when project is completed.
11	Number of Households benefitted and Backlog eradicated. (Indicate strategy to completely eradicate backlog, if not fully eradicated)	200

Total Project Costs	**MIG Funds**	**Counter Funding**
R 6 843 397	**R 5 816 887**	**R 1 026 510**

Project Expenses

Total Project Expenditure	**MIG Funds**	**Counter Funding**
R 8 576 349	**R 5 575 687**	**R 3 000 662**

Project #3: Augrabies: Upgrading of Water Supply Purification Plant

Item No.	Item Description	Detail information
1	Project Description	Upgrading of the water purification plant
2	Scope of work (2023/2024 plan)	The main components of project are: • Rehabilitation of raw water pumps with control • Rehabilitation of purified water pumps with control • Construct up flow filtration purification plant (UFMC-1800-2) • Rehabilitation of existing plant house • Automatization of purification plant • Install bulk water meters • Rehabilitation of electricity supply to plant • Rehabilitation of existing building • Remove existing filters
3	Construction period	7 months
4	Consultant	Stabilis Development (Pty) Ltd
5	Contractor	Riemvasmaak Bouers
6	Implementation Plan (contractor)	Tender Closing date: 19 May 2023 Tender award date: 4 October 2023 Contract start date: 4 October 2023 Practical completion: Construction Completion / Handover: Practical Completion Defects liability period: 12 months

Item No.	Item Description	Detail information
1	Project Description	Upgrading of the water purification plant
7	Progress	The progress on the project is at 86%. The plant room was refurbished. The contractor performed various construction activities on site. The installation of the automated control and communication as well as extra work that was identified like the repair of the fence and valves on an existing clean water to prevent overflowing. Currently all the original scope of the project was completed except for the communication system.
8	Major / key challenges (if delayed)	The main delay was the delivery of the communication systems. The cleaning and sealing of the two raw water also caused a huge delay in the process as we discovered in the process that there is an earth drain was discovered in the process. A report was sent for additional scope on the project. The additional work was identified as project progressed. Arrangements for testing and commissioning of equipment will be finalized.
9	Remedial Actions	Payments are made in time.
10	Impact of the project to the community	Community will have potable drinking water.
11	Number of Households benefitted and Backlog eradicated. (Indicate strategy to completely eradicate backlog, if not fully eradicated)	989

Total Project Costs	MIG Funds	Counter Funding
R 13 944 068	R 12 125 276	R 1 818 791

Project Expenses

Total Project Expenditure	MIG Funds	Counter Funding
R 13 661 306	R 11 974 727	R 1 686 578

Project #4: Marchand: Sport Facilities

Item No.	Item Description	Detail information
1	Project Description	Upgrading of Marchand Sports Field
2	Scope of work (2023/2024 plan)	The main components of project are: • Combination Rugby/Soccer field with turf surface and irrigation • Combi-court: Basketball/Netball • Athletics track with eight track gravel surfaces • Perimeter fence, 1.8 high on site gravel surface

Item No.	Item Description	Detail information
1	Project Description	Upgrading of Marchand Sports Field
		• Ablution facility and storeroom • Lighting at sport facility • Water and Sewer reticulation including conservancy tank • Spectator stand for 150 people • Guard room • Finish-off site
3	Construction period	8 months
4	Consultant	Stabilis Development (Pty) Ltd
5	Contractor	Not appointed
6	Implementation Plan (contractor)	Tender Closing date:13 December 2023 Tender award date: Not appointed Contract start date: Not yet Practical completion: N/A Completion / Handover: Practical Completion Defects liability period: 12 months
7	Progress	The progress on the project is at 10%. No construction on site as none appointments was done.
8	Major / key challenges (if delayed)	The main delay was on the approval of designs from the department. The challenge was also in the bidders received was above the approved budget. Communication from Eskom is also a challenge as we are struggling to get connection from the nearest electrical supply. Resubmission was done to the

Item No.	Item Description	Detail information
1	Project Description	Upgrading of Marchand Sports Field
		department and we wish to complete the project in the 2024/2025 FY.
9	Remedial Actions	NA
10	Impact of the project to the community	Community will have a sport facility.
11	Number of Households benefitted and Backlog eradicated. (Indicate strategy to completely eradicate backlog, if not fully eradicated)	561

Total Project Costs	**MIG Funds**	**Counter Funding**
R 7 464 000	**R 7 464 000**	**R 0**

Project Expenses

Total Project Expenditure	**MIG Funds**	**Counter Funding**
R 511 777	**R 511 777**	**R 0**

Project Expenses

Total Project Costs	MIG Funds	Counter Funding
R 175 855	R 175 855	0

Summary Table of services rendered during the financial year and the impact thereof.

Service	2023/2024 Achievements
Water	1189 HH
Sanitation	NA
Solid Waste Disposal Sites	None
Roads Tarred/ Paved	6km
Community halls	N/A
Community lighting	94HH
Temporary Employment (Min 6 Months)	Overall Number of persons on all projects
Adult Men	25
Adult Women	25
Young Men	25
Young Women	25
PWD Men	3500
PWD Women	800

3.2 Monitoring

- *Indicate how projects are monitored*
  - *Attendance Monthly site visits by technical staff*
  - *Input from Community Liaison Officer employed of Labour and human resource activities on site.*
- *How is reporting done*
  - *Monthly reporting at Infrastructure, Executive Committee & General Council Meeting*
  - *Monthly reports to be submitted for evaluation on MIG MIS*
- *Coordination of other stakeholders*

- *Finance department oversee payments of consulting engineer firms and contractors*
- *Technical department assisting with evaluation of quality of work done by contractors, which is also part of site meetings.*

- *Risks and Management thereof*
  - *Members of the Infrastructure Committee is part of the site meetings.*
  - *Community Liaison Officer appointed as a contact between the community and the contractor on hiring of local labourers.*

3.3 Management of the Programme

- *Indicate PMU structure (any vacancies and for long? And plans and progress to fill the posts)*
  - *PMU Manager with a National Diploma Cival Engineering*
  - *Administration Official: MIG with National Diploma Internal Auditing;*
  - *Administration Official EPWP with N6 Commerce: Business Management*
  - *EPWP Coordinator with Matric with Commerce as well as a Health & Safety Practitioner Certificate*
  - *Technician with S3 Civil Engineering*

- *Where vacancies exists, indicate challenges for filling the positions*

POSITION	***ROLES & RESPONSIBILITIES***
PMU Manager	*Implementation of MIG, WSIG, INEP and EPWP projects* *Reporting to Council monthly*
Financial MIG Officer	*Capturing project data on the MIS, MIG system, assisting with capturing beneficiaries on the EPWP system*
EPWP Admin Officer	*Admin, Capturing data on the EPWP system*

EPWP Co coordinator	*Co coordinating of EPWP projects* *Assisting with the capturing of data on the system*
Technician	*Attending Site Meetings* *Visit sites* *Preparing reports*

- *Utilization of the MIG MIS (provide update on addressing backlog)*
  - *Data is captured on a monthly basis*
  - *Backlog also captured on a monthly basis.*
- *Capacity building initiatives for the staff during the period.*
  - *Scheduled Project Management training as part of the Business plan has not been adhered to sending staff for the specific course.*

3.4 Results and beneficiaries

The 2023/2024 service delivery performance:

- Number of poor households impacted through the construction of new infrastructure and upgrading and renewal of existing infrastructure for:
  - ✓ *1 189* households provided with basic service water services
  - ✓ *300* households provided with basic sanitation services
  - ✓ *94* households provided with street lighting and community lighting
- Number of infrastructure constructed (new infrastructure, upgraded or renewed):
  - ✓ *0* central collection points for refuse developed
  - ✓ *0* refuse transfer stations developed
  - ✓ *2* solid waste disposal sites developed
  - ✓ *0* sports and recreation facilities developed
  - ✓ *0*public facilities developed (*please ensure that those developed are specifically mentioned, e.g. community hall, ECD centers, etc.*)
  - ✓ *6* kilometers of municipal roads developed.
  - ✓ *500* job opportunities and *1425*FTE's created using EPWP guidelines.

3.5 Key Challenges

The following challenges are currently being experienced in the management of the programme which often result in delaying progress and low expenditure:

- External factors
  - ✓ Urgent need from communities for upgrading of water purification plants and sewer plants.
  - ✓ The VIP toilets that are full and no maintenance being done by owners and local municipality
  - ✓ Escalation of prices for goods, materials and components
- Internal factors
  - ✓ Delayed or non-payment of service providers
  - ✓ Availability of counter funding
  - ✓ Lack of training for employee's
  - ✓ Shortage of operation and maintenance budget
  - ✓ Shortage of qualified staff for Operational and maintenance
  - ✓

4. CONCLUSIONS

- *What were the main successes and failures of the programme to date (causes underlying the outcomes and outputs)?*
  - ✓ **Improving the supply of water to different communities**

- *Do outcomes, outputs, successes and failures justify the costs?*
  - ✓ **Indeed, it did justify the costs.**
- *Where the objectives achieved within specified time and budget?*
  - ✓ **NO, it was not met for the 2023/2024 FY.**
- *How far have the projects been embedded in local institutions structures to ensure sustainability or acceptance of the programme?*
  - ✓ **Approval of the local communities**
- *Were there any other stakeholders adequately prepared for project activities (technically, financially)?*
  - ✓ Due to financial position of the municipality all operation and maintenance programmes were not effectively implemented.

5. LESSONS LEARNED

The fact that we had a shortage of technical skills reflected in the number of refurbishment to be done in both water and sanitation. Planning is very important when a project has to be successfully completed. Communication between PMU, Technical and Finance department is key.

6. RECOMMENDATIONS

(Any recommendations to the provincial and national government departments on)?:

- Programme design:
  - Skills transfer
  - Availability of technical staff
- Programme monitoring:
  - Monitoring is up to standard
- Programme Management:
  - Skills transfer from consultants to staff lacks
- Any other factors deemed important for programme success:
  - Training of technical staff

3.1 WATER PROVISION

Legislation includes the Water Services Act 1997 and the General Enabling Act 2005

A number of the purification systems in the Municipal area cannot meet the demand of the areas concern.

The water purification plant at Kakamas was constructed during the 1980's and has reached its useful life span. The plant cannot meet the demands of the growing town.

Three plants are to be constructed in the near future to supply areas for the first time with clean, safe drinking water.

Two plants were upgraded in the 2019/20 financial year to meet the demand for potable water in different areas.

During the year under review Kai !Garib upgraded the water networks in Cillie, Lutzburg, Warmsand as well as Marchand.

Kai !Garib Municipality achieved an average Bluedrop score of 78% and is dedicated to improve on the said score.

Many factors influence the water quality on a daily base. The root cause is the irregular preventative and predictive maintenance on the water purification plants and supply systems (cleaning of dams, reservoirs, filters, pipelines. At this stage reactive maintenance mode is being utilized by the Municipality ("run it till it breaks" maintenance mode).

Another important cause is the absence of monitoring programs that focuses on monitoring the water quality every hour. The monitoring programs cannot be enforced at all the plants, since there is an unavailability of water test kits. Lennertsville, Keimoes and Kakamas WTP do water tests once per shift, but the rest of the plants do not have test kits and therefore do not do tests.

Process monitoring and optimization as well as efficient use of treatment chemicals are also factors that influence the water quality. In example, if the incorrect amount of a specific chemical that removes particles in the water is dosed, the process of sedimentation (which is the settling of these particles to the bottom of a tank) does not take place correctly and the water will be unclear and full of dirt. This will result in a failure on the BDS system since the laboratory will find these particles in the water samples.

Summary of root causes:

- Irregular maintenance (preventative, predictive)
- Irregular water quality monitoring (due to the lack of monitoring equipment)
- Inefficient treatment chemicals usage
- Inefficient process monitoring and optimization

Kai Garib has been identified by DWS as one of the Municipalities in the Northern Cape that requires an intervention regarding its drinking water quality.

The bulk of water in the Municipal area is used for domestic use, as there are very few industries in the Municipal area.

A household is categorised according to its main access to water, as follows: Regional/local water scheme, Borehole and spring, Water tank, Dam/pool/stagnant water, River/stream and other main access to water methods. No formal piped water includes households that obtain water via water carriers and tankers, rainwater, boreholes, dams, rivers and springs.

Kai !Garib Local Municipality had a total number of 8 480 (or 44.46%) households with piped water inside the dwelling, a total of 7 910 (41.49%) households had piped water inside the yard and a total number of 1 460 (7.64%) households had no formal piped water.

When looking at the water backlog (number of households below RDP-level) over time, it can be seen that in 2007 the number of households below the RDP-level were 4 830 within Kai !Garib Local Municipality, this decreased annually at -11.12% per annum to 1 490 in 2017.

Water Provision

Kai !Garib Local Municipality has 3 bulk treatment plants, namely Kakamas, Keimoes and Lennertsville bulk treatment plants and has 10 package plants, with some settlements getting transported purified water. The Kakamas, Keimoes and Lennertsville Treatment Plants run at 100%, 70% and 51% capacity respectively during peak times of the year. Whilst all small package plants run at their optimum (beyond design) capacity. The fact that our treatment plants run at their optimum capacity brings a problem of reduction in the mechanical utilities design life span thus it results in an increase in operational cost, work load, reduction in service delivery and most importantly less service developments not forgetting its treatment efficiency. Adding to the above said, the utilities used are not of the latest technology which leads to the scarcity of repair material and increase in repair costs.

The Water Treatment Plant in Kakamas is of such a nature that it may fail at any time and this will have devastating effects on the community and the Municipality. This particular plant is below the flood line and beyond its life span which pose great challenges. The cost of establishing a new plant is calculated at +/- R 80 million. The Municipality is unable to do this on its own and MIG allocations are too small to address this emergency situation. The funding for the feasibility studies have been allocated through the Regional Bulk Infrastructure Grant.

Although the plants are running at full capacity as mentioned above, all of the settlements within the Municipality still has a shortage of clean drinking water and limited or no access to clean drinking water. The Eksteenskuil Islands which are situated in Ward 8 have no access to clean drinking water and areas like Blaauwskop, Bloukamp, Eenduin, Loxtonvale, and Mc Taggers Camp are provided by water through water trucks. The newly developed plant in Vyebos brought relief to some of the communities adjacent to plant due to the restricted service area. A construction process is underway to upgrade the water purification plant in Bloemsmond which will extend its supply to McTaggart's Camp as well. This plant will also assist with the transport of water to Blaauwskop and the 50hectar (Plangeni) as it is closer to those areas. This phenomenon of transporting water to settlements brings a threat to the Municipality in terms of transport costs and also poor service delivery since we only have one water truck and we have to transport water with two Jo-Jo tanks strapped unto a refuse truck.

Borehole Pump Operators of Kai !Garib have been trained to improve the demand for additional water sources. Training for these Operators were provided by the Department of Water and Sanitation during 2018 and additional efforts of this nature will continue.

The IDP envisions providing water on all stands on standard (yard connection) and this is a standing item on the IDP and on the Budget. As the Municipality aims to deliver services of good quality to its community and ensures that the community receives clean water without any hassles in order to implement the principles given by National Government in service delivery.

3.2 WASTE WATER (SANITATION) PROVISION

Waste Management remains one of the biggest challenges in the Municipal area. More incidents of illegal dumping and general littering are reported. There are recycling projects currently running in the towns Kakamas, Keimoes and Kenhardt. Refuse trucks have to cover long distances to remove household waste. Only two solid waste sites are permitted. Applications for transfer stations at the other settlements have been submitted to the Department of Environmental Affairs. The Municipality make use of service providers for the removal of garden refuse.

A feasibility study on all services has been undertaken to determine all backlogs and levels of services in the Municipal area. A. number projects will be identified to alleviate backlogs and upgrade current systems.

A distinction is made between formal and informal refuse removal. When refuse is removed by the local authorities, it is referred to as formal refuse removal. Informal refuse removal is where either the household or the community disposes of the waste, or where there is no refuse removal at all. A further breakdown is used in terms of the frequency by which the refuge is taken away, thus leading to the following categories:

- Removed weekly by authority
- Removed less often than weekly by authority
- Removed by community members
- Personal removal / (own dump)
- No refuse removal

Kai !Garib Local Municipality had a total number of 11 500 (60.47%) households which had their refuse removed weekly by the authority, a total of 575 (3.02%) households had their refuse removed less often than weekly by the authority and a total number of 5 110 (26.80%) households which had to remove their refuse personally (own dump). When looking at the number of households with no formal refuse removal, it can be seen that in 2007 the households with no formal refuse removal in Kai !Garib Local Municipality was 7 660, this decreased annually at -0.95% per annum to 6 960 in 2017.

Both general and hazardous waste is produced in the area. Waste in the "garden waste" classification originating from households and agriculture is the biggest contributor to the waste stream.

The following objectives have been set in the local Municipalities in order to improve the status quo of waste management in the area:

- upgrading of existing landfill sites;
- provision of new landfill sites;
- upgrading and improvement of current waste management services rendered by the Municipalities;
- initiate recycling projects;
- extend services in un-serviced areas; and
- Registration of unlawful landfill sites.

3.3 ELECTRICITY

The Northern Cape is a regional solar hub of energy in Southern Africa. A social pact is therefore required to create a prosperous energy sector in the province through a negotiated resolution where the private sector commits to investing in new areas; where labour and business work together with government to address the inhibiting factors and identifying opportunities; and developing partnerships with civil society to ensure that our people benefit from the natural resources of our beautiful Province. According to Reports of the Northern Cape Government it would appear as if they remain committed to setting the province on a path of radical economic transformation in order to accelerate the onslaught on socio-economic challenges. This has been a consistent theme throughout the economic blueprint, the National Development Plan and it is an urgent need to focus on decisive action to grow the economy and create employment. This cannot be done by Government alone and therefore the need to mobilise partners in the Private Sector to join hands with in pursuit of this goal. The Green economy has much to offer in terms of job creation, infrastructure development and general economic development.

The Municipality IS currently only distributing electricity within the three main towns. The smaller settlements around the three main towns are served by Eskom directly. The challenge however still exists that some of the households within the settlements don’t have any access to electricity. The informal areas within the Municipality are posing a great challenge in terms of providing electricity. Households without access to electricity usually make use of wood for fire and candles and paraffin for lighting. Not all informal settlements are fully electrified. The need of bulk electricity services also poses a challenge to areas such as Kakamas, Keimoes and to a lesser extends Kenhardt.

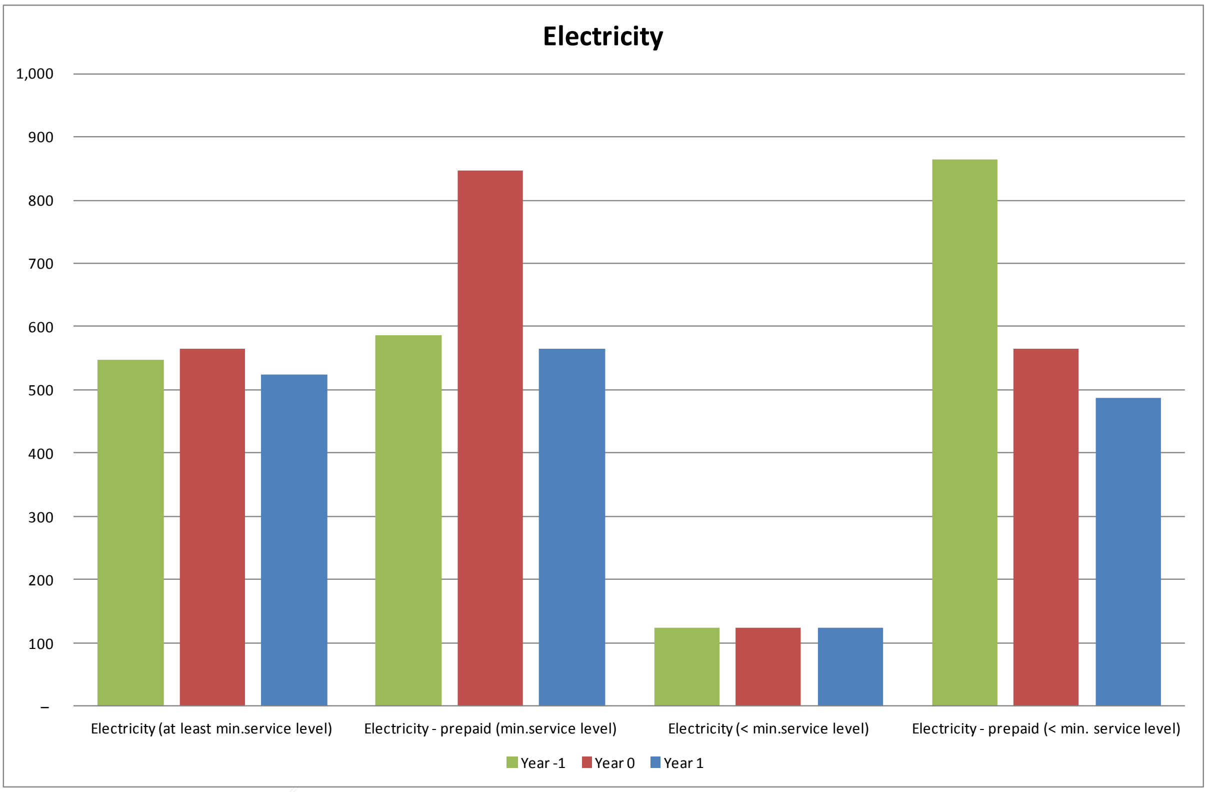
Renewable Energy: demand-side interventions – solar panels/geysers

These other sources of energy mentioned pose various dangers and is environmentally unsustainable. The Municipality is however very optimistic about the future due to the rise of Solar Energy Developments in the Municipal area. The climate of the Municipal area is favourable to this environmentally friendly source of energy.

There are six established Independent Power Producers in the Kai !Garib Municipality.

Project Name	Technology	Status	Size	Lead Developer
Khi Solar One	Solar CSP	Fully operational	50 MW	Abengoa
Aries Solar	Solar PV	Fully operational	9.7 MW	BioTherm Renewable Energy
Neusberg Hydro Electric Project A	Hydro	Fully operational	10 MW	Hydro-SA & Hydro - Tasmania
Dayson's Klip 1	Solar PV	Approvals, planning and finance	75 MW	Scatec Solar
Dayson's Klip 2	Solar PV	Approvals, planning and finance	75 MV	Scatec Solar
Sirius Solar PV Project One	Solar PV	Approvals, planning and finance	75 MW	Scatec Solar

There is potential for further IPPs to become operational in the Municipality, several are in the planning stages. Kai !Garib Municipality is also a participant in the ZF Mgcawu Development Forum, an initiative coordinated by the IDC which aims to ensure that integrated development planning and implementation of regional projects take place. This includes the renewable energy and mining plants, together with other industry stakeholders such as agricultural, business and civil society stakeholders. Kai !Garib Municipality recognises the importance of participating in this forum to provide a platform for partnerships for regional socio-economic growth.



The main objectives as set out in the IDP will be met if all projects are financed.

Applications for electrification in ESKOM areas are already completed.

Almost 50% of ESKOM areas are connected to the grid.

3.4 HOUSING

The Municipality has indicated that there is a pressing need for houses, especially low cost houses, as well as serviced plots within all of the communities within the Kai !Garib area. However, it is quite satisfying to see that a great deal of progress was made in the delivering brick houses to communities since 1994. Unfortunately, the communities need for houses exceed the speed at which houses are built on individual erven.

Kai !Garib Local Municipality had a total number of 6 500 (34.06% of total households) very formal dwelling units, a total of 9 720 (50.95% of total households) formal dwelling units and a total number of 1 550 (8.11% of total households) informal dwelling units.

When looking at the formal dwelling unit backlog (number of households not living in a formal dwelling) over time, it can be seen that in 2007 the number of households not living in a formal dwelling were 1 840 within Kai !Garib Local Municipality. From 2007 this number increased annually at 4.51% to 2 860 in 2017.

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

"Indigent" means any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than two times the government pension grant as prescribed by the National Department of Social Development or line with the National Indigent Framework issued by the Department of Cooperative Governance and Traditional Affairs who qualify, according to the policy for rebates support or service subsidy.

The indigent register is closely monitored and updated. In addition to the previously mentioned a vigorous effort is been made to revisit the register. Currently the total number of indigents in Kai !Garib were 2365 on 30 June 2024.

Challenges in terms of the Finance Department:

- Ensuring that the resources are distributed evenly through the vast area of our Municipality;
- High rate of unemployment which accounts for the low payment rate amongst certain members of the community;
- The Municipality has in the last 5 years relied heavily on grants received from National Government. The needs of communities far exceed the income that the Municipality receives for services rendered to communities;
- This situation has handicapped Council in its plans to develop the economic base of the Municipality;
- Controlling measures: setting up and implementation;

The residents of the Kai !Garib Municipal area live in less favourable conditions. The income distribution is distorted to the disadvantage of the less economically secured people, who also represents the majority group in the Municipal Area. Many residents of Kai !Garib Municipality still battle the same issues as 15 years back like a lack of housing, lack of ownership of property and a lack of proper education.

The majority of residents are still dependant on government pensions, implying that a large part of the residents of Kai !Garib earn less than R 1 800-00 per month. About 83 % of the population earn less than R3 200-00 per month.

In total 3200 households are subsidized by the services subsidy scheme.

3.6 ROAD TRANSPORT

Kai !Garib Municipality has seen the need to upgrade roads in the area as well as the bridges. Cleaning, upgrading and maintenance of public roads are of the utmost importance to the Municipality. Kai !Garib Municipality is responsible for 240 kilometres of road.

The N14 runs through 2 of the main towns namely Keimoes and Kakamas and is kept in a good condition by SANRAL. The internal roads are kept and maintained by the Municipality. The internal roads play a huge role in the growth of the agricultural in Kai !Garib area. Unfortunately, the Municipality lacks road maintenance vehicles and a road maintenance plant. This leads to road maintenance not being fully effective.

Broken vehicles and a lack of personnel in the roads department impedes the process of keeping roads up to standard. The potholes in the 5km long test road has been fixed, road signs has been replaced and road markings have been repainted.

COMPONENT B: PLANNING AND DEVELOPMENT

Planning and development within the Kai Garib Municipality is a challenge due to the fact that most of the land belongs to the farmers who are unwilling to sell it back to the Municipality. This hampers land development to the advantage of the community. Many posts in the department remain vacant as it is difficult to attract qualified individuals to this area.

As per the NDP directive a twenty year plan has been developed for the Northern Cape Province to identify high-impact activities and interventions to change the life chances of our people, especially the youth, which have been stunted by the Apartheid legacy. This long-term plan will enable us to realise growth and development in the Northern Cape. As you are aware, growth and development requires a long-term perspective – the Provincial Growth and Development Plan (PGDP) - Vision 2040 and the Provincial Spatial Development Framework (PSDF) provides such a trajectory. The Provincial Growth and Development Plan and the Provincial Spatial Development Framework (PSDF) will also provide a developmental agenda based on four paths of prosperity, namely economic, social, and environmental and governance. These paths are founded within an ethos of sustainable development.

The Orange River played an enormous role in the formation of the Municipal area and most of the towns and settlements are to be found close to or adjacent thereto. The economy is heavily dependent on the Agricultural Sector, both intensive and extensive.

It is important to note that new opportunities have opened up for Kai !Garib Municipal area since the need to facilitate the generation of sustainable energy was introduced in South Africa by Eskom and the South African government. According to SDF, Kai !Garib Municipality immediately became a hotspot for Solar Energy developments and numerous developments are currently in process and the resulting economic spin-offs are eagerly anticipated. Although the Solar Corridor, as identified by the PGDS and NCPSDF, does not include the N14 between Upington and Kakamas, current developments indicate that this area will form the center of solar development.

The economic state of Kai !Garib Local Municipality is put in perspective by comparing it on a spatial level with its neighboring locals, ZF Mgcawu DistrictMunicipality, Northern Cape Province and South Africa. Information is needed that will empower the Municipality to plan and implement policies that will encourage the social development and economic growth of the people and industries in the Municipality respectively.

Gross Domestic Product by Region (GDP-R)

The Gross Domestic Product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

GDP-R can be measured using either current or constant prices, where the current prices measures the economy in actual Rand, and constant prices measures the economy by removing the effect of inflation, and therefore captures the real growth in volumes, as if prices were fixed in a given base year.

Gross domestic product (GDP) - Kai !Garib, ZF Mgcawu, Northern Cape and National total, 2008-2018 [R billions, current prices]

Year	Kai !Garib	ZF Mgcawu	Northern Cape	National Total	Kai !Garib as % of DistrictMunicipality	Kai !Garib as % of province	Kai !Garib as % of National	
2008	3.1	12.9	54.7	2,369.10	*23.60%*	*5.60%*	*0.13%*	
2009	3	13.1	54.4	2,507.70	*23.20%*	*5.60%*	*0.12%*	
2010	3.3	14.6	60.1	2,748.00	*22.70%*	*5.50%*	*0.12%*	

2011	3.5	15.7	64	3,023.70	*22.50%*	*5.50%*	*0.12%*	
2012	3.7	16.8	68.2	3,253.90	*22.40%*	*5.50%*	*0.12%*	
2013	4	17.9	72.6	3,540.00	*22.20%*	*5.50%*	*0.11%*	
2014	4.7	20.7	83.5	3,805.30	*22.70%*	*5.60%*	*0.12%*	
2015	5	21.5	86.2	4,049.90	*23.20%*	*5.80%*	*0.12%*	
2016	5.2	22.6	90.4	4,359.10	*23.00%*	*5.80%*	*0.12%*	
2017	5.5	24.2	96.5	4,653.60	*22.80%*	*5.70%*	*0.12%*	
2018	5.6	24.6	98.2	4,873.90	*22.80%*	*5.70%*	*0.12%*	

Source: IHS Markit Regional eXplorer version 1692

With a GDP of R 5.62 billion in 2018 (up from R 3.05 billion in 2008), the Kai !Garib Local Municipality contributed 22.80% to the ZF Mgcawu DistrictMunicipality GDP of R 24.6 billion in 2018 increasing in the share of the ZF Mgcawu from 23.60% in 2008. The Kai !Garib Local Municipality contributes 5.72% to the GDP of Northern Cape Province and 0.12% the GDP of South Africa which had a total GDP of R 4.87 trillion in 2018 (as measured in nominal or current prices). Its contribution to the National economy stayed similar in importance from 2008 when it contributed 0.13% to South Africa, but it is lower than the peak of 0.13% in 2008.

Economic Growth Forecast

It is expected that Kai !Garib Local Municipality will grow at an average annual rate of 0.09% from 2018 to 2024. The average annual growth rate in the GDP of ZF Mgcawu District Municipality and Northern Cape Province is expected to be -0.87% and 0.39% respectively. South Africa is forecasted to grow at an average annual growth rate of 1.60%, which is higher than that of the Kai !Garib Local Municipality.

In 2023, Kai !Garib's forecasted GDP will be an estimated R 3.72 billion (constant 2010 prices) or 22.6% of the total GDP of ZF Mgcawu District Municipality. The ranking in terms of size of the Kai !Garib Local Municipality will remain the same between 2018 and 2024, with a contribution to the ZF Mgcawu District Municipality GDP of 22.6% in 2024 compared to the 21.5% in 2018. At a 0.09% average annual GDP growth rate between 2018 and 2024, Kai !Garib ranked the highest compared to the other regional economies.

3.7 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

This sector still has a lot of potential and although Kai !Garib Municipality have been implementing marketing strategies and plans to stimulate the sector it has not reached its full potential. The tourism section suffers from insufficient staff and budget.

The Kai Garib Local Municipality has a Socio-economic Committee chaired by a Councillor responsible for LED.

Due to the fact that the Kai !Garib Municipality is within undeveloped towns, there is a lack of job opportunities but through assistance offered by the National Department of Roads and Public Works via EPWP the opportunities are created for the communities.

The key characteristics of EPWP projects are listed below:

a) They employ large numbers of local, low skilled, unemployed persons who are willing to work, defined as the EPWP target group

b) They are highly labour intensive: a large percentage of the overall project costs are paid out in wages to the EPWP target group

c) They provide a service to or develop an asset for the community."

As articulated in the 2009 Division of Revenue Act, clause 23.3.3.b "A province or Municipality which is receiving the Expanded Public Works Programme Incentive must utilise the incentive payments received for continuing or expanding job creation programmes". The application of the disbursement is not restricted to the programme that created the FTE jobs and can be applied to new or existing job creation projects and programmes in any sector."

THE EPWP Incentive Grant

Kai !Garib Local Municipality is a recipient of the Extended Public Works Programme (EPWP) Incentive grant, which is aimed at the creation of job opportunities in the communities as provided in the guidelines from the Department of Public Works.

The following projects were implemented with this grant:

Infrastructure 1

Description	Past performance						
Fund Source	2016/2017	2017/2018	2018/2019	Fund Source	2019/2020	Fund Source	2020/2021
EPWP				EPWP		EPWP	
Approved budget	R 1,000,000.00	R 1,000,000.00	R 1,547,000.00	Approved budget	R 1,146,000.00	Approved budget	R 1,299,000.00
Expenditure	R 1,000,000.00	R 1,000,000.00	R 1,547,000.00	Expenditure		Expenditure	
Difference	R -	R -	R -	Difference	R 1,146,000.00	Difference	R 1,299,000.00
Municipal Funding				Municipal Funding		Municipal Funding	
Approved budget		R 2,290.00	R 113,604.00	Approved budget		Approved budget	
Expenditure		R 2,290.00	R 113,604.00	Expenditure		Expenditure	
Difference	R -	R -	R -	Difference	R -	Difference	R -
Total							
Approved budget	R 1,000,000.00	R 1,002,290.00	R 1,660,604.00	Approved budget	R 1,146,000.00	Approved budget	R 1,299,000.00
Expenditure	R 1,000,000.00	R 1,002,290.00	R 1,660,604.00	Expenditure	R -	Expenditure	R -
Difference	R -	R -	R -	Difference	R 1,146,000.00	Difference	R 1,299,000.00

Tourism

This sector still has a lot of potential and although Kai !Garib Municipality has been implementing marketing strategies and plans to stimulate the sector, it has not reached its full potential. Popular tourism attractions like the Augrabies Water Falls and the Kokerboom (Quiver Tree) Route attracts visitors to the area. Kai !Garib Municipal Area witnesses unique landscape with the Kalahari Desert on the one side and the Orange River on the other side. The area is also known for a variety of birds and animals. The opportunity exists to utilise these natural treasures in order to draw tourists to the area.

The Tourism Accommodation facilities in the area are of high standard and available in all major towns. Although the accommodation sector is one sector where previously disadvantaged individuals (PDI) could get involved in, not only as labourers, but also as product owners (community tourism) this proves to be difficult.

Other tourism attractions exist that needs to be unlocked. These include the following:

- The Tierberg Nature Reserve
- Heritage sites & ancient rock art in Kenhardt
- Historical Routes between islands/ Island Route
- Water tunnels in Kakamas
- Rooibergdam in Kenhardt
- Riemvasmaak historical & cultural values

Kai !Garib Tourism: Resorts				
Client		Farm Description	Size of Farm	Size of Application Area
1	Southern Cross Game Reserve	Remainder of the Farm Narries No. 7 (Tutwa Lodge)	2577,8491ha	9950^{m2}
2	Travato Trust	Remainder of Portion 5 of the Farm Narries No.7	4533,9766ha	19ha

This action plan tabulates the tourism thrust, opportunities and responsibilities.

Thrust	**Activity**	**Responsibility**
Tourism Development	The development of eco-tourism packages The development of a Municipal Tourism Development & Marketing Strategy The establishment of a Kokerboom tourism route The development of a cultural village The establishment of a Game Reserve Agro-tourism (wine farms)	Kai! Garib LM Dept. of Economic Development & Tourism Business Chambers

COMPONENT C: COMMUNITY AND SOCIAL SERVICES

The Municipality provides support to the community through

1. Providing free access to information and the internet.

2. Easy access to community halls which are situated close to the communities.

3. Providing free assistance for rebuilding houses that were damaged in fires and strong winds by means of providing material.

3.8 LIBRARIES

Libraries are up and running and well equipped. The staff is professional and well trained and always willing to assist. They provide the following social programs in the municipal area.

- Outreach programs to Schools, Old age Homes, Hospitals ext.
- Advocating
- Marketing focus on groupings like youth, women, old age, workers, professionals, school children.
- Youth dialogues
- Establishing of book Clubs
- Library Week (March/April)
- National Book Week (September)
- Library for the Blind

3.9 CEMETERIES

The need for the development of cemeteries at prioritised sites: Kakamas, Keimoes, Kenhardt, Marchand, Lutzburg and Alheit was identified during the public participation processes for the development of the IDP.

CEMETERIES Project Name	Ward	Total Project Cost	MIG Budget	MIG Expenditure	Counter Funding	Project Status
Alheit: New Cemetery	2	1 994 249	1 994 249	0	136 450	Interrupted
Kakamas: Cemetery Feasibility Study	3, 4	664 392	664 392	0	518 927	Completed

<u>Sport and recreation</u>

Currently the Municipality works closely with the Department of Sports, Arts and Culture so as to effectively develop sports in our area. The Municipality is equipped with 6 formal stadiums and about 2 informal stadiums per town. Soccer is the dominating sport in the area with netball growing rapidly.

3.10 SPATIAL PLANNING AND LAND USE MANAGEMENT

The Joint Municipal Planning Tribunal, established in terms of the Spatial Planning and Land Use Management Act (SPLUMA), 16 of 2013, is currently hosted by the ZFM District Municipality to ensure that quarterly tribunal sittings take place to dispose of land development applications submitted Kai Garib Municipality.

3.11 PROJECT MANAGEMENT

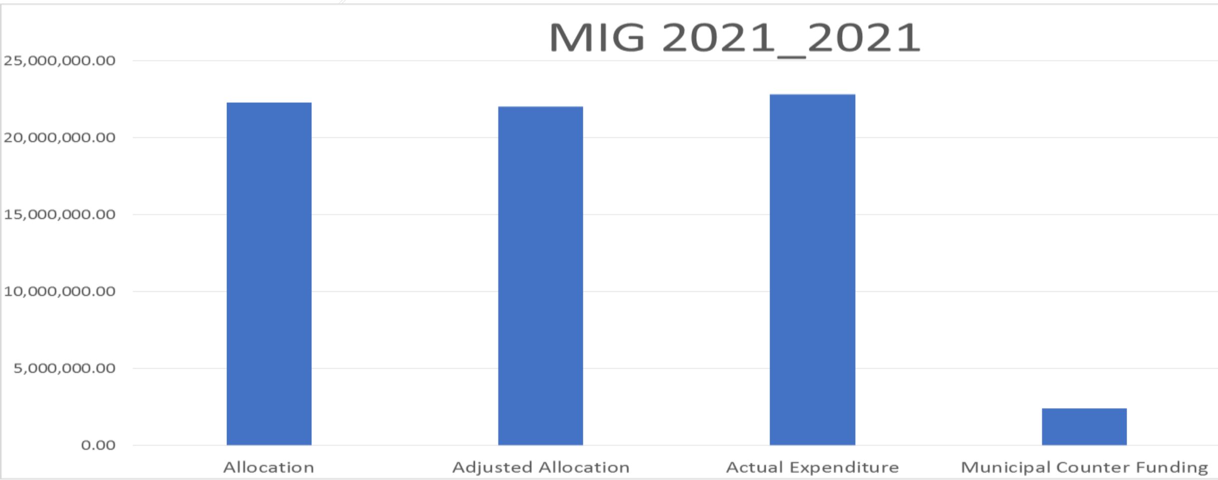
The Project Management Unit is responsible for the implementation of infrastructure-related projects from various sectors. The allocations of funds towards these programs will give an indication of which sector to be implemented. Municipalities are allocated grants at different sectors for development in the Local to enhance service delivery and improvement of the lives of the people in the communities.

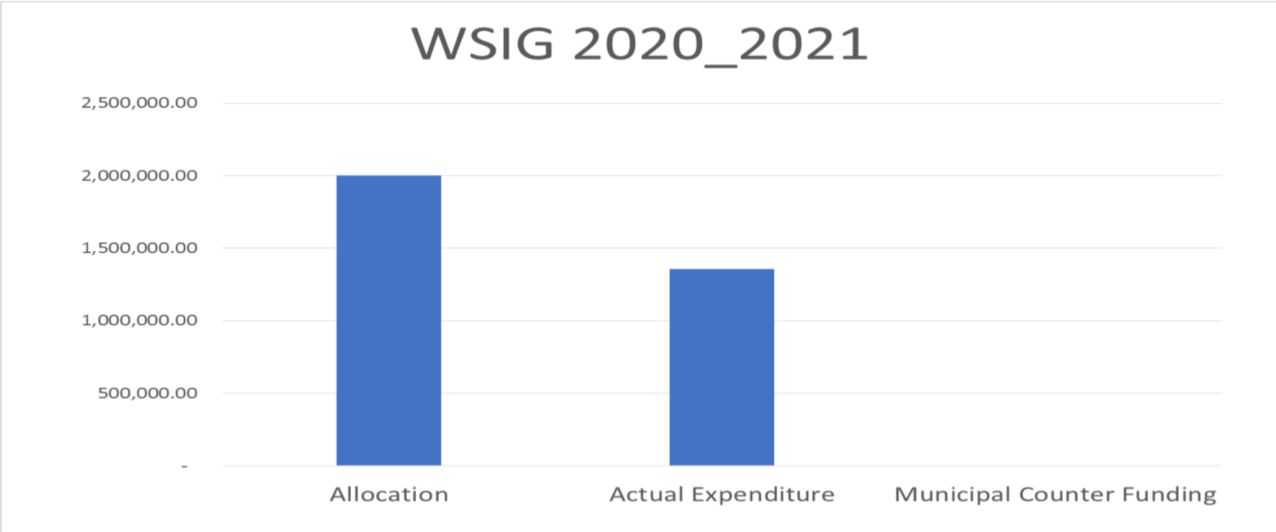
The Municipal Infrastructure Grant

South African Cabinet approved the establishment of the Municipal Infrastructure Grant (MIG) on 5 March 2003. MIG is a new Municipal infrastructure funding arrangement. It replaces all existing capital grants for Municipal infrastructure and incorporates seven infrastructure programmes, namely:

- Consolidated Municipal Infrastructure Programme;
- Water Services Projects; • Community Based Public Works Programme;
- Local Economic Development Fund;
- Building for Sports and Recreation Programme;
- Integrated National Electrification Programme to local government and the Integrated National Electrification Programme implemented by Eskom; and
- Urban Transport Fund.

The MIG expenditure for 2020/2021is as follows:





A full analysis of the MIG projects can be found under ***COMPONENT A: BASIC SERVICES***

3.12 EXECUTIVE AND COUNCIL

The table below indicates the dates of Council meetings and committees such as the Socio-Economic Committee, Infrastructure Development Committee, Institutional Development Committee and the Municipal Public Accounts Committee.

Council Meetings	Special Council Meeting	Portfolio Standing Committee	MPAC Meeting
29/09/2023	7 August 2023	15/08/2023	21/09/2023
06/12/2023	31 August 2023	08/11/2023	22/11/2023
27/03/2024	13 October 2023	21/11/2023	27/11/2023
27/06/2024	17 October 2023	20/03/2024	25/03/2023
	7 November 2023	25/03/2024	
	14 November 2023	11/04/2024	

	29 January 2024	13/06/2024
	31 January 2024	
	15 February 2024	
	28 February 2024	
	29 February 2024	
	21 May 2024	
	11 June 2024	
	21 June 2024	

CHAPTER 4

HUMAN RESOURCE SERVICES

COMPONENT A: HUMAN RESOURCE MANAGEMENT

The Human Resource division is split into two core arms namely:

- Human Resource Management Unit
- Human Resource Development Unit

Overall management of comprehensive Human Resources Management policies and processes to ensure that the efficient Human Resource Systems and Procedures, compliance with Human Resource Management legislation and practices, are maintained in the Local Municipality.

Administration

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

Remuneration

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

Leave

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

Human Resource Provisioning

This includes human resource planning, recruitment, election, placement, transfers, promotions and dismissals.

COMPONENT B: HUMAN RESOURCE DEVELOPMENT

Interventions in Human Resource Development represent an essential contribution for promoting the country’s development agenda. The Human Resource Development is grounded on broad- based and opportunity- specific Human Resource Development Strategies and policies that are synchronized with the Local’s economic development needs.

It focuses on the elements of Human Resource Development that significantly and positively impact on our economic performance such as:

i. Training and development and educational attainments
ii. Skills development
iii. Science and innovation
iv. Organizational development
v. Skills mapping/ career pathing etc. consequently, the Human Resource Development is situated within the realities of increasing competition and the spread of local production systems, and the need to attain equity and reduce poverty and inequality.

Our central concern is to accelerate Wellness Programs that address continuous employee demands and challenges in order to stimulate excellent employee performance. Therefore our Human Resource Development approach is multipronged, comprising of a high-and intermediate-level skills strategy on the supply side, underpinned by a demand strategy that stimulates large-scale labor absorbing employment growth supported by appropriate inputs of low-level skills training (for both employed and unemployed people).

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

ANNUAL REPORT EMPLOYEE TOTALS	EMPLOYEES	APPROVED POST	EMPLOYEES	VACANCIES
OFFICE OF THE MM	2	2	1	1
STRATEGIC MANAGEMENT	1	1	1	0
COMMUNICATION AND IGR	13	13	10	3
INTERNAL AUDIT	4	4	3	1
RISK MANAGEMENT	2	2	1	1
OFFICE OF THE MAYOR	7	7	7	0
OFFICE OF THE CFO	1	1	1	0
EXPENDITURE	5	5	5	0
ASSETS	8	8	7	1
SCM	7	7	5	2
BTO	2	2	2	0
INTERNS FMG	5	5	5	0
CORP SERVICE DIRECTOR	1	1	1	0
ADMIN AND COUNCIL	3	3	2	1
REGISTRY AND ARCHIVES	2	2	2	0
CLEANING AND MAINTENANCE	18	18	10	8
HRM	7	7	5	2
HRD	3	3	3	0
LABOUR RELATIONS	3	3	2	1
SECURITY	26	26	20	6
IT	5	5	1	4
PLANNING & DEV DIRECTOR	1	1	1	0
TOURISM & LED	7	7	6	1
IDP	4	4	3	1
PMU	5	5	4	1
HOUSING	8	8	6	2
TOWN PLANNING	4	4	2	2
DISASTER	1	1	1	0
PMS	2	2	2	0
TOTALS	**157**	**157**	**119**	**38**

4.2 POLICIES

Name of Policy	Date Adopted or Reviewed by Council
Employment Equity Plan	28 June 2019
Bursary	31 May 2018
Subsequent Event (Events After Reporting Date)	
Payment Of Overtime	
Private Work And Declaration Of Interest/S	
Leave	30 June 2020
Employment Practice	
Human Resource Development Strategy	
Continuing Professional Development	
Human Resource Plan	
Learnership Implementation	
Smoking	30 June 2020
Recruitment, Selection, Placement, Probation, Promotion, Transfer And Demotion Of Staff	30 June 2020
Employment Equity	
Incapacity: Due To Poor Work Performance	
Relocation	
Task Job Evaluation	
Promotion	
Hiv/Aids	30 June 2020

Incapacity: Due To Ill Health/Injury	30 June 2020
Wellness Policy	
Employment Equity Policy	30 June 2020
Training And Development Policy	
Employees Under The Influence Of Intoxicating Substances Policy	30 June 2020
Attendance And Punctuality Policy	
Sexual Harassment Policy	
Employee Study Assistance Policy	
Involvement Of Councilors And Officials At Funerals Of Officials	

4.3 LABOUR RELATIONS

Functions of Labour Relations:

- Co-ordinates and control the application of industrial relations and specific procedures.
- Attending to and guiding disciplinary and grievance processes
- Reporting to specific Committees on the function
- Capacitating employees on the application and interpretation of policies and agreements
- Attending to administrative requirements, circulation of reports and notifications.

Number and Period of Suspensions				
Position	**Nature of alleged misconduct**	**Date of suspension**	**Details of Disciplinary Action taken or status of the case and reasons why not finalized**	**Date finalized**
Cashier	Dishonest behavior	16 Nov 2018	The disciplinary hearing was held on 13 March 2019. The outcome of the hearing was a final written warning valid for 12 months	13 March 2019
Cashier	Absent from duty without leave or permission	24 Oct 2019	The disciplinary hearing was held in December 2019. The outcome of the hearing was a final written warning valid for 12 months	02 December 2019
sewer tanker assistant	Provocative and aggressive behaviour to a fellow employee	18 Dec 2019	The disciplinary hearing was held at 10 March 2020. The outcome of the hearing was a final written warning valid for 12 months	10 March 2020
TAKE NOTE: NO SUSPENSIONS DURING THE YEAR 2020				

Disciplinary action taken on cases of Financial Misconduct			
Position	**Nature of alleged misconduct and Rand value of any loss to the Municipality**	**Disciplinary action taken**	**Date finalized**
No cases			

4.4 SKILLS DEVELOPMENT AND TRAINING COMPETENCY DEVELOPMENT (CPMD)

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

The Gazette only warrants that the municipality report on the following positions:

1. CEO (entity)
2. CFO (municipality)
3. CFO (entity)
4. Senior Managers (MSA S56)
5. Middle Manager

NB. There are major changes to the amended Gazette 29967, which is now 41996:

1. Positions.
2. Date of employment
3. NQF levels
4. Work-related experience
5. Performance agreements

New Reporting Template- Gazette 41996 of 26 October 2018

Surname	Name	ID number (Type in all 13 digits, with no spaces	Position (Select from scroll button)	Date of employment(before or on/after Gazette 41996)	Higher Education Qualification(New NQF Levels)	All relevant Work Related Experience(select from scroll button)	Performance Agreements and FM and SCM Levels(select from scroll button)	Financial and SCM Competency Areas	Insert the number of completed unit standards eg. 3,5,10 etc.	Remaining unit standards
Neethling	Rowena	6110030074083	Senior Manager (MSA S56)	2013/12/01	NQF Level 9 – Master of Law-LLM	7 years and more	Signed Performance Agreements signed, FM & SCM levels completed	9	24	4
Isaacs	Obakeng		Accounting Officer		NQF Level 10		Signed Performance Agreements signed, FM & SCM levels completed	10	28	0

Links	Mario	6707155196086	Senior Manager (MSA S56)	2019/09/01	NQF Level 6 – Diploma in Civil Engineering	5 years and more	Performance Agreements signed, FM & SCM levels NOT YET completed	6	0	28
Beukes	Anthanique	8304140133081	CFO Municipality	2019/09/01	NQF Level 7 - BCom Degree	5 years and more	Performance Agreements signed, FM & SCM levels NOT YET completed	7	16	12
Matthews	Gavin	8111015182089	Middle Manager: Finance	2009/08/05	NQF Level 6 -	4 years and more	Performance Agreement not required, FM & SCM levels completed	6	15	0
Visagie	Clinton	8301285225086	Middle Manager: Finance	2006/10/02	NQF Level 6 -	5 years and more	Performance Agreement not required, FM & SCM levels completed	6	15	0
Scheepers	Willem	8604195095089	Middle Manager: Finance	2014/04/01	NQF Level 5	5 years and more	Performance Agreement not required, FM & SCM levels	5	9	4

							NOT YET completed			
Adams	Elizabeth	6611020197081	Middle Manager – Corporate Services	1991/06/03	NQF Level 5	7 years and more	Performance Agreement not required, FM &SCM levels NOT YET completed	5	0	0
Plaag	Aloysius	6502065213083	Middle Manager – Corporate Services	2015/02/02	NQF Level 6	5 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	0	0
November	Alcord	8511205158080	Middle Manager – Corporate Services	2017/03/01	NQF Level 6	4 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	13	0
Rooi	George	7105265614081	Middle Manager – Corporate Services	2012/04/01	NQF Level 5	7 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	5	0	0
Steenkamp	Desmonia	8509230139083	Middle Manager – Office of the Mayor	2014/04/01	NQF Level 6 -	7 years and more	Performance Agreement not required, FM & SCM levels	6	0	0

							NOT YET completed			
Majiedt	Elzaine	8603060122085	Middle Manager – Corporate Services	2011/11/01	NQF Level 6 -	7 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	0	0
Damarrah	Willem	6407165982084	Middle Manager – Corporate Services	2018/08/01	NQF Level 6 -	3 years and more	Performance Agreement not required, FM &SCM levels NOT YET completed	6	0	0
Syster	Jacob	6408045231080	Middle Manager – Office of the Mayor	2013/04/02	NQF Level 6 -	7 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	0	0
Brandt	David	8510315090084	Middle Manager – Planning & Development	2009/09/01	NQF Level 6 -	7 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	0	0
Slinger	Ann	7508050792089	Middle Manager – Planning & Development	2018/08/01	NQF Level 5	3 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	5	0	0

Comment on Skills Development

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

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

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

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

CHAPTER 5

FINANCIAL INFORMATION COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENT OF FINANCIAL POSITION

Kai !Garib Local Municipality

(Demarcation code: NC082)
Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 *Restated**
Assets			
Current Assets			
Cash and cash equivalents	4	2 122 407	701 733
Inventories	5	1 105 369	916 821
Other financial assets	6	2 424 577	2 424 577
Receivables from exchange transactions	7	10 765 627	8 620 218
Receivables from non-exchange transactions	8	7 190 637	8 746 067
VAT receivable	10	72 170 283	51 416 293
Total Current Assets		**95 778 900**	**72 825 709**
Non-Current Assets			
Receivables from exchange transactions	7	136 309	10 168 173
Heritage assets	11	112 955	112 955
Intangible assets	12	5 245	12 752
Investment property	13	162 729 244	163 940 372
Property, plant and equipment	14	785 357 512	788 849 899
Total Non-Current Assets		**948 341 265**	**963 084 151**
Total Assets		**1 044 120 165**	**1 035 909 860**
Liabilities			
Current Liabilities			
Consumer deposits	15	2 808 328	2 687 727
Employee benefit obligation	16	2 622 070	2 018 085
Finance lease obligation	17	1 740 487	3 327 784
Other financial liabilities	18	12 477 889	11 626 408
Payables from exchange transactions	19	441 529 409	918 459 057
Unspent conditional grants and receipts	21	17 991 810	2 705 573
Service concession liabilities	67	162 264 654	-
Total Current Liabilities		**641 434 647**	**940 824 634**
Non-Current Liabilities			
Employee benefit obligation	16	24 119 146	21 762 853
Finance lease obligation	17	133 540	1 874 028
Provisions	20	74 340 975	68 256 166
Service concession liabilities	67	375 539 663	-
Total Non-Current Liabilities		**474 133 324**	**91 893 047**
Total Liabilities		**1 115 567 971**	**1 032 717 681**
Net Assets		**(71 447 806)**	**3 192 179**
Accumulated surplus		(71 447 806)	3 192 179
Total Net Assets		**(71 447 806)**	**3 192 179**

5.2 STATEMENT OF FINANCIAL PERFORMANCE

Kai !Garib Local Municipality

(Demarcation code: NC082)
Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	2023 *Restated**
Revenue			
Revenue from exchange transactions			
Agency services	22	278 221	288 006
Interest income	23	15 534 025	15 585 854
Licences and permits	25	811 914	713 019
Operational revenue	26	2 924 244	3 596 198
Prescribed revenue	27	18 660	5 636 221
Rental of facilities and equipment	28	760 671	851 015
Service charges	29	128 647 851	110 308 706
Total revenue from exchange transactions		**148 975 586**	**136 979 019**
Revenue from non-exchange transactions			
Taxation revenue			
Interest income	24	8 884 616	7 594 818
Property rates	30	30 036 789	30 165 511
Transfer revenue			
Fines	31	20 901	56 379
Government grants and subsidies	32	144 523 095	131 583 101
Public contributions and donations	33	1 013 868	261 850
Service concession arrangements	67	143 711 982	-
Total revenue from non-exchange transactions		**328 191 251**	**169 661 659**
Total revenue		**477 166 837**	**306 640 678**
Expenditure			
Bad debts written off	34	(16 718 967)	(19 174 995)
Bulk purchases	35	(97 520 805)	(81 615 215)
Contracted services	36	(71 175 607)	(49 861 797)
Debt impairment	37	(65 483 637)	(59 800 139)
Depreciation and amortisation	38	(36 206 520)	(36 231 177)
Employee related costs	39	(153 053 970)	(143 518 867)
Finance costs	40	(48 565 236)	(59 337 401)
General expenses	41	(48 102 769)	(44 226 183)
Remuneration of councillors	43	(8 177 912)	(8 377 556)
Inventory consumed	42	(5 903 621)	(5 241 509)
Total expenditure		**(550 909 044)**	**(507 384 839)**
Operating deficit		**(73 742 207)**	**(200 744 161)**
Loss on disposal of assets and liabilities	14	(2 041 264)	(674 531)
Actuarial gains	16	24 489	4 692 528
Fair value adjustments	45	819 702	3 056 788
Reversal of impairments/(Impairment loss)	44	299 286	(2 631 118)
Deficit for the year		**(74 639 994)**	**(196 300 494)**

5.3 GRANTS

Kai !Garib Local Municipality

(Demarcation code: NC082)
Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

32. Government grants and subsidies

Operating grants		
Equitable share	109 909 000	108 332 000
LGSETA Grant	-	6 408
Local Government Finacial Management Grant	3 100 000	2 954 693
Expanded Public Works Programme Integrated Grant	1 021 000	1 120 000
Library Subsidy	1 074 024	1 550 000
	115 104 024	**113 963 101**
Capital grants		
Municipal Infrastructure Grant	19 431 695	5 000 000
Water Services Infrastructure Grant	5 928 332	7 200 000
Integrated National Electrification Programme	4 059 044	5 420 000
	29 419 071	**17 620 000**
	144 523 095	**131 583 101**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	34 614 096	23 251 101
Unconditional grants received	109 909 000	108 332 000
	144 523 096	**131 583 101**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and the day to day running of the municipality.

Municipal Infrastructure Grant

Balance unspent at beginning of year	1 538 964	3 538 964
Current-year receipts	31 779 000	5 000 000
Conditions met - transferred to revenue	(19 431 695)	(5 000 000)
Municipal Infrastructure Grant Rollover of 2021/22 denied witheld from Equitable share in 2022/23	-	(2 000 000)
	13 886 269	**1 538 964**

Conditions still to be met - remain liabilities see note 21

Kai !Garib Local Municipality
(Demarcation code: NC082)
Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

32. Government grants and subsidies (continued)

Water Services Infrastructure Grant

Current-year receipts	5 928 332	7 200 000
Conditions met - transferred to revenue	(5 928 332)	(7 200 000)
	-	-

Conditions still to be met - remain liabilities see note 21

Integrated National Electrification Programme

Balance unspent at beginning of year	1 121 302	3 121 302
Current-year receipts	6 925 000	5 420 000
Conditions met - transferred to revenue	(4 059 044)	(5 420 000)
Integrated National Electrification Programme Rollover of 2021/22 denied witheld from Equitable share in 2022/23	-	(2 000 000)
	3 987 258	**1 121 302**

Conditions still to be met - remain liabilities see note 21

Local Government Finacial Management Grant

Balance unspent at beginning of year	45 307	-
Current-year receipts	3 100 000	3 000 000
Conditions met - transferred to revenue	(3 100 000)	(2 954 693)
	45 307	**45 307**

Conditions still to be met - remain liabilities see note 21

Expanded Public Works Programme Integrated Grant

Current-year receipts	1 021 000	1 120 000
Conditions met - transferred to revenue	(1 021 000)	(1 120 000)
	-	-

Library Subsidy

Current-year receipts	1 147 000	1 550 000
Conditions met - transferred to revenue	(1 074 024)	(1 550 000)
	72 976	-

Conditions still to be met - remain liabilities see note 21

LGSETA Grant

Current-year receipts	-	6 408
Conditions met - transferred to revenue	-	(6 408)
	-	-

5.4 ASSET MANAGEMENT

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

Asset Management in Kai !Garib Local Municipality is governed by an Asset Management Policy adopted in 2010 and is reviewed annually. The latest review took place during the 2024 financial period. The policy serves to ensure that Kai Garib Municipality:

§ Has consistent application of Asset Management principles

§ Implement accrual accounting

§ Complies with the MFMA and other related legislation

§ Correctly accounts for assets under the GRAP accounting framework

§ Safeguards and controls the assets of the Municipality and

§ Optimizes asset usage

<u>The Asset Management Policy deals with the following key elements</u>

§ Asset recognition

§ Recognition of assets initial measurement

§ Subsequent measurement of assets

§ The recognition of inventory items (non-capital items)

§ Asset types

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

An Asset Management Committee consisting of Senior Managers, has been appointed to facilitate and assist the Acting Municipal Manager as the Accounting Officer of the Local Municipality in his functions relating to Asset Management as set out in section 63 of the MFMA. The Acting Municipal Manager has delegated the custody and the responsibility for assets to the various Directors as defined in the organizational structure of the Kai !Garib Municipality.

Acquisitions

List of additions in the 2024 financial period is disclosed in the Fixed Asset register.

Disposals

The final list of assets that need to be disposed of will be tabled to Council. Council will then decide whether it should be sold at an auction, sold by price written quotation or another procurement process. Kai !Garib Municipality still has assets in our possession that were written off in previous financial years and is in the process of gathering all these assets to put on auction.

5.5 PPP

PUBLIC-PRIVATE PARTNERSHIPS

Kai Garib Municipality did not enter into any Public Private Partnerships

COMPONENT B: OTHER FINANCIAL MATTERS

5.6 SUPPLY CHAIN MANAGEMENT

This matter was dealt with in Chapter 2 of this report

5.7 GRAP COMPLIANCE

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

The Local Municipality received a Qualified Audit Opinion for the 2021/22 financial year and this proves that we are moving in the right direction however more should be done to improve thie opinion.

CHAPTER 6

AUDITOR GENERAL REPORTS

AG REPORT 2021/2022 AND 2022/2023

The Kai !Garib Local Municipality received a Qualified opinion for the 2022/23 and 2023/24 financial year.

Attached hereto is the 2022/23 and 2023/24 Auditor General’s Report as received from the Auditor General.

AUDITOR GENERAL'S REPORT 2023/2024

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Kai !Garib Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Kai !Garib Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Kai !Garib Local Municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Contracted services

3. The municipality did not account for contracted services, in accordance with GRAP1, *presentation of financial statements,* as the municipality did not recognise transactions in the period in which they occurred as required by the standard, and incorrectly classified transactions that did not meet the classification criteria for contracted services. In addition, I was unable to confirm receipt of goods and services for contracted services as the municipality did not implement adequate controls to acknowledge receipt of goods and services. I was unable to determine the full extent of the overstatement of contracted services, stated at R71 175 607 in note 36 to the financial statements and related trade payables stated at R438 861 340 in note 19 to the financial statements as it was impractical to do so. There was a resultant impact on the surplus for the year and accumulated surplus.

4. Contracted services were not recognised as required by GRAP1, *presentation of financial statements,* as the rates charged by suppliers differed from the rates specified in the contract. I was unable to determine the full extent of the understatement of contracted services as it was impractical to do so. In addition, I was unable to obtain sufficient appropriate audit evidence that rates charged by suppliers were correct due to the status of accounting records. I was unable to confirm contracted services by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contracted services stated at R71 175 607 in note 36 to the financial statements as it was impractical to do so. There was a resultant impact on the surplus for the year and accumulated surplus.

5. During 2023, the municipality did not account for contracted services, excluding sewerage services, water tankers and business and advisory in accordance with GRAP1, *presentation of financial statements.* As the municipality did not account for expenses when they are incurred and did not ensure that internal controls for acknowledging the receipts of goods and services were implemented at all times. In addition, I was unable to obtain sufficient appropriate audit evidence for contracted services, excluding sewerage services, water tankers and business and advisory, as the municipality was not able to submit sufficient appropriate audit evidence due the status of the accounting records. I was unable to confirm the contracted services, excluding sewerage services, water tankers and business and advisory by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contracted services, excluding sewerage services, water tankers and business and advisory stated at R49 861 797 disclosed in note 36 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of contracted services for the current period.

6. During 2023, the municipality did not account for contracted services, sewerage services in accordance with GRAP 1, *Presentation of financial statements.* The municipality did not account for invoices and payments in terms of the accrual basis of accounting, internal controls for acknowledging the receipts of goods and services were not implemented at all times, additionally multiple errors were identified in determining the expenditure for sewerage services. I was unable to determine the full extent of the overstatement of sewerage services, trade payables and Value Added Taxes (VAT) receivables, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to sewerage services in note 36 stated at R9 803 634, payables from exchange transactions, trade payables in note 19, stated at R786 000 771 and VAT receivables in note 10, stated at R51 416 293 in the financial statements were necessary. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of contracted services for the current period.

7. During 2023, the municipality did not account for contracted services, water tankers in accordance with GRAP 1, *Presentation of financial statements.* The municipality did not account for invoices and payments in terms of the accrual basis of accounting, internal controls for acknowledging the receipts of goods and services were not implemented at all times, additionally multiple errors were identified in determining the expenditure for water tankers. I was unable to determine the full extent of the overstatement of water tankers, trade payables and VAT receivables, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to water tankers in note 36 stated at R14 216 107, payables from exchange transactions, trade payables in note 20, stated at R853 927 941 and VAT receivables in note 10, stated at R51 416 293 in the financial statements were necessary. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of contracted services for the current period.

8. During 2023, the municipality did not account for contracted services, business and advisory in accordance with GRAP 1, *Presentation of financial statements.* As the municipality did not recognise expenses on accrual basis as required by the standard, expenses were recognised in the incorrect period and internal controls for acknowledging the receipts of goods and services were not implemented at all times. I was unable to determine the full extent of the understatement of contracted services, business and advisory, trade payables and VAT receivables, as it was impracticable to do so. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of contracted services for the current period.

General expenses

9. I was unable to obtain sufficient appropriate audit evidence for hire charges included in general expenses, as the municipality did not maintain an adequate system of internal controls for receipt of goods and services. I was unable to confirm hire charges, by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to hire charges, stated at R6 859 099 in note 41 to the financial statements.

10. During 2023, the municipality did not account for general expenses, motor vehicle expenses in accordance with GRAP 1, *Presentation of financial statements.* The municipality incorrectly recognised transactions that did not meet the recognition criteria of motor vehicle expenses and internal controls for acknowledging the receipts of goods and services were not implemented at all times. Consequently, general expenses, motor vehicle expenses in note 41 was overstated by R5 784 113, payables from exchange transaction-trade payables in note 19 was overstated by R6 651 730 and VAT receivables in note 10 was overstated by R867 617. Additionally, there was an impact on the deficit for the period and on the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of general expenses for the current period.

11. During 2023, I was unable to obtain sufficient appropriate audit evidence for general expenses, travel, subsistence and accommodation, as the municipality did not ensure that travel and subsistence expenses are approved by a properly delegated official before they occur. I was unable to confirm general expenses, travel, subsistence and accommodation by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to general expenses, travel, subsistence and accommodation stated at R7 985 286 in note 41 to the financial statement. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of general expenses for the current period.

12. During 2023, the municipality did not account for general expenses, excluding auditor's remuneration, motor vehicle expenses, repairs and maintenance and travel, subsistence and accommodation in accordance with GRAP 1, *Presentation of financial statements.* The municipality did not ensure that internal controls for acknowledging the receipts of goods and services were implemented at all times. Consequently, general expenses excluding auditor's remuneration, motor vehicle expenses, repairs and maintenance and travel, subsistence and

accommodation in note 41 was overstated by R7 228 073, payables from exchange transaction, trade payables in note 19 are overstated by R8 312 284, and VAT receivables in note 10 are overstated by R1 084 211. Additionally, there was an impact on the deficit for the period and the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of general expenses for the current period.

Bulk purchases

13. I was unable to obtain sufficient appropriate audit evidence for bulk purchases due to the status of accounting records. The municipality could not provide sufficient appropriate audit evidence for journals processed. I was unable to confirm bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to bulk purchases, stated at R97 520 805 in note 35 to the financial statements.

Bad debts written off

14. I was unable to obtain sufficient appropriate audit evidence for bad debts written off due to the status of the accounting records. The municipality did not have adequate systems of internal control to perform reliable reconciliations between the age analysis and the accounting system. In addition, bad debts were not written off in accordance with policies and procedures of the municipality. I was unable to confirm bad debts written off by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to bad debts written off, stated at R16 718 967 in note 34 to the financial statements.

Government grants and subsidies

15. The municipality did not account for revenue from non-exchange transactions in accordance with GRAP 23, *Government grants and subsidies – Operating and capital grants*, as the municipality recognised revenue when expenses were paid, instead of recognising revenue when conditions are met. I was unable to determine the full extent of the overstatement of *Government grants and subsidies – Operating and capital grants*, stated at R144 523 095 in note 32 to the financial statements, and unspent conditional grants stated at R17 991 810 in note 21 to the financial statements, as it was impractical to do so.

Service charges

16. I was unable to obtain sufficient appropriate audit evidence for sale of water - conventional, due to the status of the accounting records. The municipality did not maintain accurate and complete records for meter readings not conducted, including reasons for estimates made. I was unable to confirm sale of water - conventional by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to sale of water - conventional stated at R17 427 763 in note 29 to the financial statements.

17. During 2023, the municipality did not account for all revenue from sale of electricity in accordance with GRAP 9, *Revenue from exchange transactions*, as the municipality did not maintain adequate and complete records for all services rendered to customers. I was unable to determine the full extent of the understatement from sale of electricity, stated at

R46 817 634, in note 29, receivables from exchange transactions, consumer debtors-electricity stated at R30 194 352, in note 7 and VAT receivables stated at R51 416 293 in note 10 to the financial statements, as it was impractical to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of service charges for the current period.

18. During 2023, I was unable to obtain sufficient appropriate audit evidence for revenue for sale of electricity to determine the full extent of the misstatement due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to revenue from sale of electricity, stated at R46 817 634 in note 29. In addition, the municipality did not account for revenue from sale of electricity in accordance with GRAP 9, *Revenue from exchange transactions,* as differences were identified when recalculating the amount billed to the customers for services rendered, resulting in revenue from the sale of electricity not being measured at the fair value of the consideration received or receivable, as required by the standard. Consequently, revenue from sale of electricity was overstated by R4 532 631, receivables from exchange transactions, consumer debtors, electricity was overstated by R5 212 526, and VAT receivables was overstated by R679 895. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of service charges for the current period

19. During 2023, The municipality did not account for all revenue from sale of water - Conventional in accordance with GRAP 9, *Revenue from exchange transactions*, as the municipality did not maintain adequate and complete records for all services rendered to customers. I was unable to determine the full extent of the understatement from the sale of water - Conventional, stated at R14 192 771, in note 29, receivables from exchange transactions, consumer debtors, water stated at R90 375 323, in note 7 and VAT receivables stated at R51 416 293 in note 10 to the financial statements, as it was impractical to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of service charges for the current period

20. During 2023, Items that did not meet the definition of revenue in accordance with GRAP 9, *Revenue from exchange transactions* were recognised and revenue was not measured at the fair value of the consideration received or receivable, as required by the standard. I was unable to determine the full extent of the misstatement in sale of water in note 29, related receivables from exchange transactions in note 7, and the VAT receivables in note 10, as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for sale of water to determine the full extent of the misstatement due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to sale of water - Conventional, stated at R14 192 771 in note the financial statements. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the

current year financial statements is also modified because of the possible effect of this matter on the comparability of service charges for the current period.

Receivables from exchange transactions

21. During 2023, the municipality did not account for impairment of debtors in accordance with GRAP 104, Financial Instruments. The basis applied to calculate the impairment loss was not aligned with both the requirements of GRAP 104 and the debt impairment methodology of the municipality. I was unable to determine the full extent of the misstatement of consumer debtors from exchange transactions, stated at R233 474 656 in note 7 to the financial statements and the related allowance for impairment, stated at R214 686 265 in note 7 to the financial statements, as it was impracticable to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of impairment of debtors for the current period.

Receivables from non-exchange transactions

22. During 2023, the municipality did not account for impairment of debtors in accordance with *GRAP 104, Financial Instruments*. The basis applied to calculate the impairment loss was not aligned with both the requirements of GRAP 104 and the debt impairment methodology of the municipality. I was unable to determine the full extent of the misstatement of consumer debtors from non-exchange transactions, stated at R106 798 429 in note 8 to the financial statements and the related allowance for impairment, stated at R98 052 362 in note 8 to the financial statements, as it was impracticable to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of impairment of debtors for the current period.

Cash and cash equivalents

23. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents due to the status of the accounting records. The municipality did not have adequate systems of internal control for the recording of all transactions and events and could not reconcile the transactions and events to the financial statements. I could not confirm cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to cash and cash equivalents stated at R2 122 407 in note 4 to the financial statements.

Cash flows from operating activities

24. Net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was unable to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flows from operating activities as stated at R36 795 563 in note 47 to the financial statements were necessary.

Statement of comparison of budget and actual amounts

25. The municipality did not disclose the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of budget information in financial statements*. Not all the explanations for material variances were disclosed in note 64 to the financial statements. In addition, cash flow information was not disclosed in the financial statements. I was unable to determine the full extent of the omissions in the statement of comparison of budget and actual amounts as it was impracticable to do so.

Prior year adjustments

26. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures. As described in note 51 to the financial statements, the restatements were made to rectify prior period errors, but the restatements could not be substantiated by supporting audit evidence. I was unable to confirm the restatements by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figures in the financial statements.

Unauthorised expenditure

27. During 2023, I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure, as the underlying records were not accurate and complete. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to unauthorised expenditure stated at R297 758 146 in note 57 to the financial statements. In addition, the municipality incorrectly calculated unauthorised expenditure by utilising incorrect amounts on the budget and actual expenditure, resulting in the current year unauthorised expenditure being understated by R14 286 319 and the prior year being overstated by R9 890 512 in note 57 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of unauthorised expenditure for the current period.

Irregular expenditure

28. The irregular expenditure incurred during the current and previous financial year and related information on irregular expenditure was not all included in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the previous and current financial years as it was impracticable to do so.

Fruitless and wasteful expenditure

29. During 2023. the municipality did not disclose all fruitless and wasteful expenditure, as required by section 125(2)(d) of the MFMA. The municipality incurred interest on long outstanding fees that was not recorded in the current and prior year. I was unable to determine the full extent of the understatement of fruitless and wasteful expenditure in note 58 as it was impractical to so do. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial

statements is also modified because of the possible effect of this matter on the comparability of fruitless and wasteful expenditure for the current period.

General expenses

30. General expenses were materially misstated by R6 262 754 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Travel, subsistence and accommodation stated at R13 563 199 was overstated by R845 491
- Auditors remuneration stated at R6 948 415 was understated by R2 307 077
- Consumables stated at R8 620 179 was overstated by R3 022 077
- Other general expenses stated at R12 111 877 was overstated by R271 704

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm general expenses by alternative means:

- Travel, subsistence and accommodation of R3 748 585 included in the balance of R13 563 199
- Auditors remuneration of R490 808 included in the balance of R6 948 415
- Other general expenses of R191 166 included in the balance of R12 111 877

Consequently, I was unable to determine whether any further adjustment was necessary to general expenses.

Context for opinion

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

32. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matters

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

Going concern

35. I draw attention to note 54 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the municipality's prospects, performance, and cash flows. Management have also described how they plan to deal with these events and circumstances.

Material losses – electricity

36. As disclosed in note 60 to the financial statements, material electricity losses of R16 744 926 (2022-2023: R14 272 471) was incurred, which represents 36% (2022-2023: 32%) of total electricity purchased electricity purchased as a result of technical losses on the distribution system.

Underspending of the conditional grants

37. As disclosed in note 21, the municipality materially underspent on conditional grants by R17 991 810.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

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

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

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

43. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of our auditor's report.

Report on the annual performance report

44. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objective presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

45. I selected the following material performance indicators related to Basic Services and Infrastructure presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Development of waste recycling in all urban areas
- Monthly report on the maintenance of recreational areas
- Attain Green drop certification by June 2024 to be compliant
- Submit Green drop certification by June 2024
- The Electrical unit to respond to all requests for installation of electrical meters by 30 June 2024
- Limit unaccounted for electricity to less than 11% by 30 June. {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or generated) ×100}
- The Water unit to compile and submit a quarterly report on the number of bursts, leaks and queries attended to council by 30 June 2024
- Limit the water distribution losses (loss of potential revenue from water service through kiloliters of water purchased but not sold as a result of losses incurred through theft (illegal connections), non- or incorrect metering or wastage as a result of deteriorating water infrastructure) to less than 40% by 30 June
- The Water unit to compile 4 quarterly reports on the water and wastewater treatment plants in Kai !Garib before 30 June 2024
- The Waste Removal Unit to compile monthly reports on sewerage extraction requests and submit to the Municipal Manager
- Continued Service delivery of refuse removal in urban areas
- Attain Blue drop certification by June 2024
- Submit Blue drop certification by June 2024 – compliant
- Implement IT Environmental controls to limit systems network downtime

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

47. I performed procedures to test whether:

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

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

49. The material findings on the reported performance information for the selected objective are as follows.

Various indicators

50. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Monthly report on the maintenance of Parks	12	0
Attain Green drop certification by June 2024	1	0
Number of Green drop Samples taken on a monthly basis	12	0
The Water unit to compile 4 quarterly reports on the water and wastewater treatment plants in Kai !Garib before 30 June 2024	4	4

Indicator	Target	Reported achievement
The Waste Removal Unit to compile monthly reports on sewerage extraction requests and submit to the Municipal Manager	12	0
Upgrade and maintain Municipal Resorts to increase occupancy by 30 June 2024	1	0
Attain Blue drop certification by June 2024	12	0
Development of network to negate the negative impact of storm water in all communities especially flood prone areas – not in the SDBIP	12	0
Submit Blue drop certification by June 2024 – compliant	1	0
Implement IT Environmental controls to limit systems network downtime	1	0

Various indicators

51. The indicators measure aspects that do not relate to the achievement of service delivery. Consequently, the indicators are not relevant for planning and reporting on performance, nor for measuring and monitoring progress against the municipality's planned objectives.

Indicator	Target	Strategic goal	Reported achievement
Development of waste recycling in all urban areas	1	Service delivery	1
Monthly report on the maintenance of recreational areas	12	Service delivery	0
The Water unit to compile and submit a quarterly report on the number of bursts, leaks and queries attended to council by 30 June 2024	4	Service delivery	4
The Water unit to compile 4 quarterly reports on the water and wastewater treatment plants in Kai !Garib before 30 June 2024	4	Service delivery	0

Indicator	Target	Strategic goal	Reported achievement
The Waste Removal Unit to compile monthly reports on sewerage extraction requests and submit to the Municipal Manager	12	Service delivery	0
The Electrical unit to respond to all requests for installation of electrical meters by 30 June 2024	12	Service delivery	12
Implement IT Environmental controls to limit systems network downtime	1	Service delivery	0
Continued Service delivery of refuse removal in urban areas	12	Service delivery	12

52. The indicators and targets in the annual performance report differed from those committed to in the approved initial planning documents. These changes were made without obtaining the required approval, which undermines transparency and accountability.

Approved indicator	Approved target	Reported indicator	Reported target
Attain Green drop certification by June 2024 to be compliant	12	Attain Green drop certification by June 2024	1
Submit Green drop certification by June 2024	1	Number of Green drop samples taken on a monthly basis	12

53. Overall, the performance information for this objective was not reported in such a way that it could be compared and/or would be easy to understand. Planned and actual achievement could not be compared as the municipality does not report actual achievement in number and/or percentage but rather whether the target was achieved or not. Consequently, the reported performance information is not useful for measuring progress against the planned objectives, which undermines transparency and accountability.

Various Indicators

54. Measures aimed at improving performance against targets were reported. However, I could not determine if the measures were actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken

Indicator	Target	Reported achievement	Reported measure
Attain Green drop certification by June 2024	1	0	Monthly green drop samples to be taken in the 2024/25 financial year
Number of Green drop samples taken on a monthly basis	12	0	Monthly green drop samples to be taken in the 2024/25 financial year

Indicator	Target	Reported achievement	Reported measure
Limit unaccounted for electricity to less than 11% by 30 June. {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) × 100}	11%	36%	Monitor to ensure that electricity losses are less than 36%
Limit the water distribution losses (loss of potential revenue from water service through kilolitres of water purchased but not sold as a result of losses incurred through theft (illegal connections), non- or incorrect metering or wastage as a result of deteriorating water infrastructure) to less than 40% by 30 June	40%	68%	Monitor to ensure that water losses are less than 40%
The Water unit to compile 4 quarterly reports on the water and wastewater treatment plants in Kai !Garib before 30 June 2024	4	1	Implement monitoring and evaluation to ensure regular monitoring
The Waste Removal Unit to compile monthly reports on sewerage extraction requests and submit to the Municipal Manager	12	0	Implement monitoring and evaluation to ensure regular reporting
Attain Blue drop certification by June 2024	12	0	Monthly blue drop samples to be taken in the 2024/25 financial year
Submit Blue drop certification by June 2024 - compliant	1	0	Monthly blue drop samples to be taken in the 2024/25 financial year
Implement IT Environmental controls to limit systems network downtime	1	0	Implement monitoring and evaluation to ensure regular monitoring

Other matter

55. I draw attention to the matter below.

Achievement of planned targets

56. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

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

Basic Services and Infrastructure

Targets achieved: 37% *Budget spent: [xx]%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Monthly report on the maintenance of Parks	12	0
Attain Green drop certification by June 2024	1	0
Number of Green drop Samples taken on a monthly basis	12	0
Limit unaccounted for electricity to less than 11% by 30 June. {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or generated) ×100}	11%	36%
Limit the water distribution losses (loss of potential revenue from water service through kilolitres of water purchased but not sold as a result of losses incurred through theft (illegal connections) non- or incorrect metering or wastage as a result of deteriorating water infrastructure) to less than 40% by30 June	40%	68%
The Water unit to compile 4 quarterly reports on the water and wastewater treatment plants in Kai !Garib before 30 June 2024	4	1
The Waste Removal Unit to compile monthly reports on sewerage extraction requests and submit to the Municipal Manager	12	0
Upgrade and maintain Municipal Resorts to increase occupancy by 30 June 2024	1	0
Attain Blue drop certification by June 2024	12	0
Development of network to negate the negative impact of storm water in all communities especially flood prone areas	Not part of the SDBIP	6
Submit Blue drop certification by June 2024 - compliant	1	0
Implement IT Environmental controls to limit systems network downtime	1	0

Material misstatements

58. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic Services and Infrastructure. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

59. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

60. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

61. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements

63. Material misstatements of revenue, expenditure, payables and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

64. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of SCM Regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

65. Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and met the listing requirements as prescribed by the SCM policy, in contravention of SCM Regulations 17(1)(a) and 17(1)(b). Similar non-compliance was also reported in the prior year.

66. Quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.

67. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the rehabilitation of landfill site.

68. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the construction of electrical infrastructure projects and bulk upgrade phase 2 and 3.

69. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.

70. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar limitation was also reported in the prior year.

71. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.

72. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year.

Expenditure management

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

74. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.

75. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R206 437 962, as disclosed in note 56 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending of the budget.

76. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management regulations.

77. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R50 456 891, as disclosed in note 58 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on long outstanding debt.

Utilisation of conditional grants

78. The Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the grant Schedule concerned and the applicable grant framework, as required by section 16(1) of the Division of Revenue Act 5 of 2023.

79. Performance in respect of programmes funded by the Water Services Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023).

Consequence management

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

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

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

Strategic planning and performance management

83. The performance management system and related controls were not maintained and were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be managed, as required by municipal planning and performance management regulation 7(1).

84. The SDBIP for the year under review did not include monthly revenue projections by source of collection as required by section 1 of the MFMA.

Revenue management

85. An effective system of internal control for revenue and debtors was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

86. An investment policy was not adopted by the council, as required by section 13(2) of the MFMA and municipal investment regulation 3(1)(a).

Other information in the annual report

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

88. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

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

Internal control deficiencies

91. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

92. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

93. Despite the municipality's development of an action plan, its implementation fell short, leading to the recurrence of numerous issues.

94. Timely implementation of proper record-keeping practices was lacking within the municipality, hindering access to complete, relevant, and accurate information crucial for financial and performance reporting.

95. Effective financial systems of internal controls and their management had not been implemented to ensure accurate financial statements. The preparation and review of the financial statements was not adequately planned, to ensure comprehensive reviews take place

96. Municipality did not review and monitor compliance with applicable legislation

97. Inadequate action by leadership regarding the absence of controls in the finance and supply chain management unit resulted in the repetition of material misstatements and compliance issues.

98. Consequence management was not effective as the council did not investigate all instances of unauthorised, irregular and fruitless and wasteful expenditure to determine whether any person was liable for the expenditure

Material irregularities

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

Material irregularities in progress

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

Status of previously reported material irregularities

Full and proper records not kept (2019-20) – infrastructure assets, performance management and financial distress

101. Reasonable steps were not taken in the 2019-20 financial year to ensure that full and proper records were kept of infrastructure assets and provision of retail water services as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimer audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosure in the financial statements.

102. The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to the material uncertainty regarding its ability to continue their as operations, as disclosed in note 50 to the 2020-21 financial statements. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

103. I notified the accounting officer on 9 March 2022 of the following recommendations, which should have been implemented by 9 September 2022:

- The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses;
- Based on the reasons and circumstance, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the

MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:

a) Complete asset register of all of the municipality's infrastructure assets, including work-in-progress, as well as information for assets that have been fully depreciated but still in use;

b) Billing information and reconciliations to support revenue from service charges;

c) Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received, including payments made from conditional grant funding.

104. I further recommend that the accounting officer should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 9 September 2022. The plan should describe the anticipated timeframe and milestones to be achieved and as a minimum, include strategies to:

- Increase the collection of revenue;
- Efficiently manage the available resources of the municipality;
- Enter into payment arrangements with major suppliers;
- Optimise costs in respect of bulk purchases; and
- Repair and maintain infrastructure assets.

105. On 9 September 2023, the accounting officer's response on the implementation of the recommendations was received. I assessed the written response and substantiating documentation provided and noted shortcomings in the response. The shortcomings were communicated to the accounting officer on 20 September 2023. No response or substantiating documentation was received to address the shortcomings. On this basis, I concluded that the recommendations were not appropriately implemented or satisfactorily progress made therewith.

106. I notified the Accounting Officer on 7 August 2023 of the following remedial actions to address the MI, which should have been implemented by 7 March 2024 with a progress by 7 November 2024:

- The non-compliance with section 62(1)(b) of the MFMA must be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses;

- Based on the reasons and circumstance, appropriate action must be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan must include anticipated timeframes and address the following key areas as a minimum:

a) Complete asset register of all of the municipality's infrastructure assets, including work-in-progress, as well as information for assets that have been fully depreciated but still in use;

b) Billing information and reconciliations to support revenue from service charges;

c) Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received, including payments made from conditional grant funding.

107. I further recommended that the accounting officer must take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA. The plan must describe the anticipated timeframe and milestones to be achieved and include as a minimum strategies to:

a) Increase the collection of revenue;

b) Efficiently manage the available resources of the municipality;

c) Enter into payment arrangements with major suppliers;

d) Optimise costs in respect of bulk purchases; and

e) Repair and maintain infrastructure assets.:

108. A progress report on the implementation of the remedial actions was received on 17 November 2023 but no final response on the implementation of the remedial action. I have decided to request in terms of regulation 11(2) of the MI regulations, intervention from the following role-players and oversight structures in the accountability ecosystem to assist and support, as far as is necessary, the accounting officer with the implementation of the remedial action and to address the material irregularity appropriately:

- Member of the Executive Council: Finance;
- Member of the Executive Council: Cooperative Governance, Human Settlements and Traditional Affairs;
- Mayor;
- Speaker of Council; and
- Member of the Mayoral Committee: Finance.

109. In addition to requesting intervention from the above role players, I have requested the following role players in the accountability ecosystem to exercise oversight by supporting and assisting, as far as is necessary, the accounting officer with the implementation of the remedial action and addressing the material irregularity appropriately:

- Premier of the province;
- Chairperson of the Municipal Public Accounts Committee; and Chairperson of the Audit Committee

I will follow-up on the outcome of the intervention during my next audit.

Auditor General

Kimberley

30 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)

Legislation	Sections or regulations
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1),31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

AUDITOR GENERAL'S REPORT 2022/2023

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Kai !Garib Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Kai !Garib Local Municipality set out on pages X to X, which comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Kai !Garib Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

Payables from exchange transactions

3. During 2022, I was unable to obtain sufficient appropriate audit evidence for trade payables for the prior year, due to the status of accounting records. Supporting information for trade payables balances were not provided for audit. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade payables stated at R622 331 924, in note 20 to the financial statements. My audit opinion on the financial statements for the period ended 30 june 2022 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the trade payables for the current period.

4. During 2022, I was unable to obtain sufficient appropriate audit evidence for consumer debtors with credit balances included in payables from exchange transactions for the prior year, due to the status of the accounting records. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to consumer debtors with credit balances stated at R15 364 843 in note 20 to the

financial statements. My audit opinion on the financial statements for the period ended 30 june 2022 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the trade payables for the current period.

Receivables from exchange transactions

5. The municipality did not account for impairment of debtors in accordance with GRAP 104, Financial Instruments. The basis applied to calculate the impairment loss was not aligned with both the requirements of GRAP 104 and the debt impairment methodology of the municipality. I was unable to determine the full extent of the misstatement of consumer debtors from exchange transactions, stated at R239 024 122 in note 9 to the financial statements and the related allowance for impairment, stated at R215 291 923 in note 9 to the financial statements, as it was impracticable to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Receivables from non-exchange transactions

6. The municipality did not account for impairment of debtors in accordance with GRAP 104, Financial Instruments. The basis applied to calculate the impairment loss was not aligned with both the requirements of GRAP 104 and the debt impairment methodology of the municipality. I was unable to determine the full extent of the misstatement of consumer debtors from non-exchange transactions, stated at R 101 895 043 in note 9 to the financial statements and the related allowance for impairment, stated at R61 915 365 in note 9 to the financial statements, as it was impracticable to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Expenditure

7. The municipality did not account for bulk purchases, contracted services and general expenses in accordance with GRAP 1, Presentation of financial statements. As the municipality did not have an adequate system of internal control to ensure that all the expenses incurred are completely recorded and in the correct period. I was unable to determine the full extent of the understatement of bulk purchases in note 35, contracted services in note 36 and general expenses in note 41 stated at R183 455 362 in the financial statements as it was impractical to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Expenditure - Contracted services

8. The municipality did not account for contracted services excluding sewerage services, water tankers and business and advisory in accordance with GRAP1, presentation of financial statements. As the municipality did not account for expenses when they are incurred and did not ensure that internal controls for acknowledging the receipts of goods and services were implemented at all times. In addition, I was unable to obtain sufficient appropriate audit evidence for contracted services, excluding sewerage services, water tankers and business and advisory, as the municipality was not able to submit sufficient appropriate audit evidence due the status of the accounting records. I was unable to confirm the contracted services, excluding sewerage services, water tankers and business and advisory by alternative means.

Consequently, 1 was unable to determine whether any adjustments were necessary to contracted services, excluding,,sewerage services, water tankers and business and advisory stated at R11 777 600 disclosed in note 36 to the financial statements.

9. The municipality did not account for contracted services, sewerage services in accordance with GRAP 1, Presentation of financial statements. The municipality did not account for invoices and payments in terms of the accrual basis of accounting, internal controls for acknowledging the receipts of goods and services were not implemented at all times, additionally multiple errors were identified in determining the expenditure for sewerage services. I was unable to determine the full extent of the overstatement of sewerage services, trade payables and Value Added Taxes (VAT) receivables, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to sewerage services in note 36 stated at R9 803 634, payables from exchange transactions, trade payables in note 20, stated at R853 927 941 and VAT receivables in note 11, stated at

   R47 451 745 in the financial statements were necessary.

10. The municipality did not account for contracted services, water tankers in accordance with GRAP 1, Presentation of financial statements. The municipality did not account for invoices and payments in terms of the accrual basis of accounting, internal controls for acknowledging the receipts of goods and services were not implemented at all times, additionally multiple errors were identified in determining the expenditure for water tankers. I was unable to determine the full extent of the overstatement of water tankers, trade payables and VAT receivables, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to water tankers in note 36 stated at R14 216 107, payables from exchange transactions, trade payables in note 20, stated at R853 927 941 and VAT receivables in note 11, stated at R47 451 745 in the financial statements were necessary.

11. The municipality did not account for contracted services, business and advisory in accordance with GRAP 1, Presentation of financial statements. As the municipality did not recognise expenses on accrual basis as required by the standard, expenses were recognised in the incorrect period and internal controls for acknowledging the receipts of goods and services were not implemented at all times. I was unable to determine the full extent of the understatement of contracted services, business and advisory, trade payables and VAT receivables, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to contracted services, business and advisory in note 36 stated at R17 917 594, payables from exchange transactions, trade payables in note 20, stated at R853 927 941 and VAT receivables in note 11, stated at R47 451 745 in the financial statements were necessary.

12. During 2022, I was unable to obtain sufficient appropriate audit evidence for contracted services for the prior year due to the status of the accounting records. I was unable to confirm contracted services by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to contracted services stated at

   R59 512 479 in note 36 to the financial statements. In addition, the municipality did not recognise all contracted services for the current year in accordance with GRAP 1, Presentation of financial statements, as the municipality did not account for invoices and payments in terms of the accrual basis of accounting. Consequently, contracted services was understated by R3 823 382 and trade payables was understated by the same amount. There was an impact on the deficit for the period in the financial statements. My audit opinion on the financial statements for the period ended 30 June 2022 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the contracted services

Expenditure - General expenses

13. The municipality did not account for general expenses, motor vehicle expenses in accordance with GRAP 1, Presentation of financial statements. The municipality incorrectly recognised transactions that did not meet the recognition criteria of motor vehicle expenses and internal controls for acknowledging the receipts of goods and services were not implemented at all times. Consequently, general expenses, motor vehicle expenses in note 41 was overstated by R5 784 113, payables from exchange transaction-trade payables in note 20 was overstated by R6 651 730 and VAT receivables in note 11 was overstated by R867 617. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

14. The municipality did not have adequate systems in place to account for general expenditure, repairs and maintenance in accordance with GRAP 1, Presentation of financial statements. The municipality did not classify all general expenditure in the financial statements in accordance with the reporting framework. Consequently, general expenses-repairs and maintenance in note 41 was overstated by R16 299 181, payables from exchange transaction-trade payables in 20 was overstated by RIB 744 058 and VAT receivables in note 11 was overstated by R2 444 877. Additionally, there was an impact on the deficit for the period and the accumulated surplus.

15. I was unable to obtain sufficient appropriate audit evidence for general expenses, travel, subsistence and accommodation, as the municipality did not ensure that travel and subsistence expenses are approved by a properly delegated official before they occur. I was unable to confirm general expenses, travel, subsistence and accommodation by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to general expenses, travel, subsistence and accommodation stated at R7 168 497 (2022: R6 973 691) in note 41 to the financial statement.

16. The municipality did not account for general expenses, excluding auditor's remuneration, motor vehicle expenses, repairs and maintenance and travel, subsistence and accommodation in accordance with GRAP 1, Presentation of financial statements. The municipality did not ensure that internal controls for acknowledging the receipts of goods and services were implemented at all times. Consequently, general expenses excluding auditor's remuneration, motor vehicle expenses, repairs and maintenance and travel, subsistence and accommodation in note 41 was overstated by R7 228 073, payables from exchange transaction, trade payables in note 20 are overstated by R8 312 284, and VAT receivables in note 11 are overstated by R1 084 211. Additionally, there was an impact on the deficit for the period and the accumulated surplus.

17. During 2022, the municipality did not recognise all general expenses in accordance with GRAP 1, Presentation of financial statements, as the municipality did not have an adequate system of internal control to ensure that all the invoices received are completely recorded, resulting in general expenses in note 41 being understated in the current year. I was unable to determine the full extent of the understatement as it was impracticable to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2022 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the general expenses for the current period

18. During 2022, I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance included in general expenses for the current year due to the status of the accounting records. I was unable to confirm repairs and maintenance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to repairs and maintenance included in general expenses stated at R12 093 170 in note 41 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2022 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the general expenses for the current period.

Revenue from exchange — service charges

19. The municipality did not account for all revenue from sale of electricity in accordance with GRAP 9, Revenue from exchange transactions, as the municipality did not maintain adequate and complete records for all services rendered to customers. I was unable to determine the full extent of the understatement from sale of electricity, stated at

R46 291 887, in note 27, receivables from exchange transactions, consumer debtors-electricity stated at R30 194 352, in note 9 and VAT receivables stated at R47 451 745 in note 11 to the financial statements, as it was impractical to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

20. I was unable to obtain sufficient appropriate audit evidence for revenue for sale of electricity to determine the full extent of the misstatement due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to revenue from sale of electricity, stated at R46 291 887 in note 27. In addition the municipality did not account for revenue from sale of electricity in accordance with GRAP 9, Revenue from exchange transactions, as differences were identified when recalculating the amount billed to the customers for services rendered, resulting in revenue from the sale of electricity not being measured at the fair value of the consideration received or receivable, as required by the standard. Consequently, revenue from sale of electricity was overstated by R4 532 631, receivables from exchange transactions, consumer debtors, electricity was overstated by R5 212 526 and VAT receivables was overstated by R679 895.

21. The municipality did not account for all revenue from sale of water in accordance with GRAP 9, Revenue from exchange transactions, as the municipality did not maintain adequate and complete records for all services rendered to customers. I was unable to determine the full extent of the understatement from the sale of water, stated at R14 708 004, in note 27, receivables from exchange transactions, consumer debtors, water stated at R91 021 311, in note 9 and VAT receivables stated at R47 451 745 in note 11 to the financial statements, as it was impractical to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

22. Items that did not meet the definition of revenue in accordance with GRAP g, Revenue from exchange transactions were recognised and revenue was not measured at the fair value of the consideration received or receivable, as required by the standard. I was unable to determine the full extent of the misstatement in sale of water in 27, related receivables from exchange transactions in note 9, and the VAT receivables in note 11, as it was impractical to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for sale of water to determine the full extent of the misstatement due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to sale of water, stated at R14 708 004 in the financial statements.

Bulk purchases

23. The municipality did not account for inventory consumed in accordance with GRAP 12, Inventory. The municipality did not have an adequate system of internal control to ensure that cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, resulting in bulk purchases in note 35 being overstated by R5 845 433 (2022:R6 683 076) and an understatement of water for distribution in note 5 by an undeterminable amount. I was unable to determine the full extent of the understatement as it was impracticable to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Unauthorised expenditure

24. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure for the current and prior year, as the underlying records were not accurate and complete. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to unauthorised expenditure stated at R297 758 146 (2022:R1 070 570 269), in note 57 to the financial statements. In addition, the municipality incorrectly calculated unauthorised expenditure by utilising incorrect amounts on the budget and actual expenditure, resulting in the current year unauthorised expenditure being understated by R14 286 319 and the prior year being overstated by R9 890 512 in note 57 to the financial statements.

Irregular expenditure

25. The municipality did not include all irregular expenditure in the financial statements, as required by section 125(2)(d)(i) of the MFMA. This was due to payments made in contravention of the supply chain management requirements and the municipality incorrectly accounted for irregular expenditure as the municipality only recognise the irregular expenditure to the extent of payment made instead of the full invoice amount. I was unable to determine the full extent of the understatement for the current and prior year as it was impractical to so do. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure in note 59 in the financial statements.

Fruitless and wasteful expenditure

26. The municipality did not disclose all fruitless and wasteful expenditure, as required by section 125(2)(d) of the MFMA. The municipality incurred interest on long outstanding fees that was not recorded in the current and prior year. I was unable to determine the full extent of the understatement of fruitless and wasteful expenditure in note 58 as it was impracticable to so do.

Context for opinion

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

28. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Material uncertainty relating to going concern

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

31. As disclosed in note 54 to the financial statements, the municipality is experiencing financial difficulties as a result of suppliers not paid by the legislated 30 days, Employee benefit obligations are unfunded, high levels of distribution losses, slow collection and low recoverability of outstanding consumer accounts and unfavourable financial ratios. These events or conditions, along with the other matters as set forth in note 54, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matter

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

Restatement of corresponding figures

33. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

34. As disclosed in note 60 to the financial statements, material electricity losses of R14 272 471 (2022:R15 033 007) was incurred which represent 32% (2022:29%) of total electricity purchased as a result of technical losses on the distribution system.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

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

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

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

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

Report on the audit of the annual performance report

41. In accordance with the Public Audit Act 25 of 2004 (PM) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected development priority presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

42. I selected the following development priority presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

43. I was engaged to evaluate the reported performance information for the selected development priority against the criteria developed from the performance management and reporting framework, as defined in the general notice. An annual performance report prepared using these criteria provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and planned objectives. My objective was to perform procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

44. The material findings on the reported performance information for the selected development priority are as follows:

Basic services and infrastructure development

45. No supporting evidence was provided for auditing to substantiate the reported performance information for the selected development priority. Consequently, I could not audit the usefulness and reliability of this information. i

Other matter

46. I draw attention to the matter below.

Achievement of planned targets

47. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

Report on compliance with legislation

48. In accordance with the PAA and the general notice issued in terms thereof, 1 must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

49. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

50. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements

52. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and or the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

53. The annual financial statements were not submitted to the Auditor-General for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

54. The annual financial statements were not submitted to the Auditor-General within two months after the end of the financial year and council did not take appropriate steps to ensure that the financial statements were submitted to the Auditor-General, as required by section 133(1)(c) of the MFMA.

Strategic Planning and performance management

55. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be managed, as required by municipal planning and performance management regulation 7(1).

56. Amendments to the IDP were made without consultation with the district municipality, as required by municipal planning and performance management regulation 3(6)(a).

Asset management

57. All investments were not made in accordance with the requirements of the investment policy as the percentage of cumulative investments held by the municipality in one institution exceeded the 40% threshold, as required by municipal investment regulation 3(3).

Revenue management

58. An effective system of internal control for revenue and debtors was not in place, as required by section 64(2)(f) of the MFMA.

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

Expenditure management

60. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval of funds, as required by section 65(2)(a) of the MFMA.

61. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.

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

63. I was unable to obtain sufficient appropriate audit evidence that payments from the municipality's bank accounts were approved by a properly authorised official, as required by section 11(1) of the MFMA

64. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending of the budget.

65. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R155 305 394, as disclosed in note 59, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by the non-compliance with supply chain regulations.

66. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on long outstanding fees.

Procurement and contract management

67. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as management did not submit information requested for 7 contracts. Similar limitation was also reported in the prior year.

68. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and

(C).

69. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Similar non-

compliance was also reported in the prior year.

70. Written quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM Regulations 16(b) and 17{1)(b). Similar non-compliance was also reported in the prior year.

71. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(C). Similar non-compliance was also reported in the prior

year.

72. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.

73. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43. Similar non-compliance was also reported in the prior year.

74. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11 and/or 2022 Preferential Procurement Regulation 4(4) and 5(4). Similar non-compliance was also reported in the prior

year.

75. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A). Similar non-compliance was also reported in the prior year.

76. Sufficient appropriate audit evidence could not be obtained that invitations to tender for procurement of commodities designated for local content and production, stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar limitation was also reported in the prior year.

77. Sufficient appropriate audit evidence could not be obtained that some of the commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5). Similar limitation was also reported in the prior year.

78. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production were procured from suppliers who met the prescribed minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(5). Similar limitation was also reported in the prior year.

79. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar limitation was also reported in the prior year.

80. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.

81. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year.

Consequence management

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

83. Irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section

32(2)(b) of the MFMA.

Utilisation of conditional grants

84. Performance in respect of programmes funded by the Integrated National Electrification Programme Grant was not evaluated within two months after the end of the financial year, as required by section 11(6)(b) of the Division of Revenue Act (ACt 5 of 2022).

85. Performance in respect of programmes funded by the Water Services Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2022).

86. I was unable to obtain sufficient appropriate audit evidence that the Integrated National Electrification Programme (Municipal) Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2022).

HR management

87. I was unable to obtain sufficient appropriate audit evidence that bonuses were paid to the senior managers before the annual report for the applicable performance year was tabled and adopted by

council, as required by the municipal performance regulations for municipal managers and managers directly accountable to municipal managers 8(1).

88. I was unable to obtain sufficient appropriate audit evidence that bonuses were paid to the senior managers before approval of the performance evaluation by the municipal council, as required by municipal performance regulations for municipal managers and managers directly accountable to municipal managers 8(3).

Other information in the annual report

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

90. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

91. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

93. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

94. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this

report.

95. Despite the municipality's development of an action plan, its implementation fell short, leading to the recurrence of numerous issues.

96. Inadequate action by leadership regarding the absence of controls in the finance and supply chain management unit resulted in the repetition of material misstatements and compliance issues.

97. Effective financial systems of internal controls and their management had not been implemented to ensure accurate financial statements. The preparation and review of the financial statements was not adequately planned, to ensure comprehensive reviews take place.

98. Timely implementation of proper record-keeping practices was lacking within the municipality, hindering access to complete, relevant, and accurate information crucial for financial and performance reporting.

99. A lack of accountability from leadership in ensuring sound financial management adversely affected the municipality's financial sustainability, asset management, budget control, and prevention of irregular expenditure.

100. Management did not ensure that internal control processes were adequately designed and implemented to ensure cost-effective procurement in certain instances and prevent noncompliance with SCM requirements. Management relied on internal control processes to ensure compliance with procurement requirements, but it is evident from the amount of irregular expenditure that these internal control processes were ineffective and subject to abuse and no actions were taken against staff in this regard.

101. Consequence management was not effective as the council did not investigate all instances of unauthorised, irregular and fruitless and wasteful expenditure to determine whether any person was liable for the expenditure.

Material irregularities

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

Material irregularities identified during the audit

103. The material irregularities identified are as follows:

Non-submission of Annual Financial Statements 2022-23

104. The annual financial statements for the financial year ending 30 June 2023 were not submitted for auditing by 31 August 2023, as required by section 126(1)(a) of the MFMA. The non-submission of the annual financial statements for auditing, and the subsequent non tabling of the annual report is likely to result in substantial harm to the municipality, as there is a lack of accountability and transparency for the fiscal and financial affairs of the municipality.

105. This caused the following legislative processes relating to the financial year ending 30 June 2023 being delayedl not implemented:

- The audit of the financial statements by the Auditor-General
- Consideration of the annual report by the municipal council
- Adoption of an oversight report containing council's comments on the annual report
- Making the oversight report public
- The assessment of the annual financial statements and audit report by the MEC for local government in the province
- The submission of the annual report and oversight report to the provincial legislature

106. The acting accounting officer was notified of the material irregularity on 07 November 2023 and invited to make a submission of the actions taken to address the matter. The annual financial statements of the municipality for the year ended 30 June 2023 have been prepared and submitted to the Auditor General on 14 December 2023.

107. Therefore the material irregularity has been resolved.

Status of previously reported material irregularities

Non-submission of Annual Financial Statements 2021-22

108. The annual financial statements for the financial year ending 30 June 2022 were not submitted for auditing by 31 August 20??, as required by section 126(1)(a) of the MFMA. The non-submission of the annual financial statements for auditing, and the subsequent non tabling of the annual report is likely to result in substantial harm to the municipality, as there is a lack of accountability and transparency for the fiscal and financial affairs of the municipality.

109. This caused the following legislative processes relating to the financial year ending 30 June 2022 being delayedl not implemented:

- The audit of the financial statements by the Auditor-General
- Consideration of the annual report by the municipal council
- Adoption of an oversight report containing council's comments on the annual report
- Making the oversight report public
- The assessment of the annual financial statements and audit report by the MEC for local government in the province

- The submission of the annual report and oversight report to the provincial legislature

110. The acting accounting officer was notified of the material irregularity on 25 October 2022 and invited to make a submission of the actions taken to address the matter. The annual financial statements of the municipality for the year ended 30 June 2022 have been prepared and submitted to the Auditor General on 15 December 2022.

111. Therefore the material irregularity has been resolved.

Full and proper records not kept (2019-20) - infrastructure assets, performance management and financial distress

112. The accounting officer was notified of the material irregularity on the 11 June 2021. The accounting officer has not taken appropriate action committed to in his written submission in response to the notification. I recommended that the accounting officer should take the following action to address the material irregularity by the 9 September 2022.

   i. The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses;

   ii. Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:

      a. Complete assets register of all of the municipality's infrastructure assets, including work-in progress, as well as information for assets that have been fully depreciated but still in use;

      b. Billing information and reconciliations to support revenue from service charges.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

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

Signed (Chief Financial officer)……………………………………

Dated ……………………………………………………….…..

APPENDICES

Appendix A-
COMMITTEE ALLOCATION

EXECUTIVE COMMITTEE

- Mayor M. Matthys (ANC)
- Cllr. A. Presley (ANC)
- Cllr. T. Renier (HFTF)

SOCIO-ECONOMIC COMMITTEE

- Cllr. YE Scheffers - Chairperson
- Cllr E Padmaker (ANC)
- Cllr. MJ Basson (ANC)
- Cllr. RW Cloete (DA)
- Cllr. N Du Plessies (HFTF)

INSTITUTIONAL DEVELOPMENT COMMITTEE

- Cllr. R Saal (ANC) - Chairperson
- Cllr. EN Vas (ANC)
- Cllr. A Johnson (ANC)
- Cllr. CA April (EFF)
- Cllr. AC Kotzee(HFTF)

INFRASTRUCTURE DEVELOPMENT COMMITTEE

- Cllr. LA Tieties (ANC) - Chairperson
- Cllr. R Saal (ANC)
- Cllr. R Ipinge (ANC)
- Cllr. SA. Bruwer (FF+)
- Cllr. R Trompie (HFTF)

MPAC

- Cllr. MJ. Basson (ANC)
- Cllr A. Johnson (ANC))
- Cllr. AP. Presley(ANC)
- Cllr. A. Kampher (DA)
- Cllr. M. Basson (HFTF)

Appendix B-
COMMITTEES, COMMITTEE PURPOSES & ADMINISTRATION CALENDAR

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
Municipal Public Accounts Committees	**Overseeing Municipal accounts and spending**
Committee for Institutional Development	**Municipal transformation and Institutional Development**
Committee for Socio Economic Development	**LED forms an important part of economic growth in the region.**
Executive Committee	**Finance related information (compliance reports and budgets)**
Committee for Infrastructure Development	**Oversees Municipal Infrastructure development**

July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar-20	Apr-20	May-20	Jun-20
1 Mo	1 Th	1 Su	1 Tu Verg met Voorst Van RvK	1 Fr	1 Su	1 Wed	1 Sa	1 Su	1 We Kantoor Verg	1 Fr	1 Mo Kantoor Verg
2 Tu	2 Fr	2 Mo Kantoor Verg	2 We	2 Sa	2 Mo Verg met Raad Voorst	2 Th	2 Su	2 Mo Kantoor Verg	2 Th	2 Sa	2 Tu PAF items sluit
3 We	3 Sa	3 Tu	3 Th	3 Su	3 Tu Audit Kom Verg	3 Fr	3 Mo UK Verg met Voorst	3 Tu	3 Fr	3 Su	3 We
4 Th	4 Su	4 We UK Verg met Voorst	4 Fr	4 Mo Kantoor Verg	4 We	4 Sa	4 Tu Kantoor Verg	4 We Uk items sluit	4 Sa	4 Mo Kantoor Verg	4 Th MPAC items sluit
5 Fr	5 Mo	5 Th	5 Sa	5 Tu	5 Th	5 Su	5 We	5 Th	5 Su	5 Tu Komitee Verg	5 Fr
6 Sa	6 Tu	6 Fr	6 Su	6 We	6 Fr	6 Mo Kantoor Verg	6 Th	6 Fr	6 Mo	6 We	6 Sa
7 Su	7 We	7 Sa	7 Mo	7 Th Komitee items sluit	7 Sa	7 Tu	7 Fr	7 Sa	7 Tu Komitee items sluit	7 Th UK items sluit	7 Su
8 Mo	8 Th	8 Su	8 Tu Audit Kom Verg	8 Fr	8 Su	8 We	8 Sa	8 Su	8 We Audit Kom Verg	8 Fr	8 Mo
9 Tu	9 Fr Women's Day	9 Mo MPAC items Sluit	9 We	9 Sa	9 Mo	9 Th	9 Sun	9 Mo	9 Th	9 Sa	9 Tu PAF verg
10 We	10 Sa	10 Tu	10 Th	10 Su	10 Tu	10 Fr	10 Mo Paf items Sluit	10 Tu UK Verg met Voorst	10 Fr	10 Su	10 We
11 Th	11 Su	11 We Paf items Sluit	11 Fr	11 Mo	11 We	11 Sa	11 Tu UK VERG	11 We PAF items sluit	11 Sa	11 Mo	12 Th UK items sluit
12 Fr	12 Mo	12 Th UK VERG	12 Sa	12 Tu	12 Th	12 Su	12 We RV items Sluit	12 Th	12 Su	12 Tu	13 Fr
13 Sa	13 Tu	13 Fr RV items Sluit	13 Su	13 We	13 Fr RV	13 Mo	13 Th	13 Fr	13 Mo UK items sluit	13 We	14 Sa
14 Su	14 We	14 Sa	14 Mo	14 Th	14 Sa	14 Tu	14 Fr	14 Sa	14 Tu Raad items sluit	14 Th UK verg	15 Su
15 Mo	15 Tu KOM items Sluit	15 Su	15 Tu RV	15 Fr RV items Sluit	15 Su	15 We KOM items Sluit	15 Sa	15 Su		15 Fr	16 Mo Youth Day
16 Tu	16 Fr	16 Mo	16 We	16 Sa	16 Mo	16 Th	16 Su	16 Mo	16 Th Kom verg met voorst	16 Sa	17 Tu UK Verg
17 We	17 Sa	17 Tu	17 Th	17 Su	17 Tu	17 Fr	17 Mo Komitee verg	17 Tu UK verg	17 Fr Uk Verg	17 Su	18 Fr MPAC verg
18 Th	18 Su	18 We Komitee verg	18 Fr	18 Mo	18 We	18 Sa	18 Tu MPAC Verg met Voorst	18 We	18 Sa	18 Mo MPAC items sluit	19 Sa
19 Fr	19 Mo	19 Th MPAC Verg met Voorst	19 Sa	19 Tu KOMITEE VERG	19 Th	19 Su	19 We	19 Th PAF verg	19 Su	19 Tu	20 Su
20 Sa	20 Tu	20 Fr	20 Su	20 We	20 Fr	20 Mo	20 Th	20 Fr	20 Mo	20 We RV items sluit	21 Mo
21 Su	21 We RV items sluit	21 Sa	21 Mo Kantoor Verg	21 Th	21 Sa	21 Tu RV items sluit	21 Fr	21 Sa	21 Tu MPAC items sluit	21 Th	22 Tu RV items sluit
22 Mo	22 Th Verg met Komi Voorst	22 Su	22 Tu	22 Fr	22 Su	22 We Verg met Komi Voorst	22 Sa	22 Su	22 We	22 Fr	23 We
23 Tu	23 Fr	23 Mo	23 We	23 Sa	23 Mo	23 Th	23 Su Heritage Day	23 Mo Kantoor Verg	23 Th	23 Sa	24 Th Audit Kom Verg
24 We	24 Sa	24 Tu Heritage Day	24 Th	24 Su	24 Tu	24 Fr	24 Mo	24 Tu	24 Fr MPAC verg	24 Su	25 Fr
25 Th	25 Su	25 We	25 Fr	25 Mo	25 We Cristmas Day	25 Sa	25 Tu PAF Verg	25 We RV items sluit	25 Sa	25 Mo	26 Sa
26 Fr	26 Mo	26 Th PAF Verg	26 Sa	26 Tu	26 Th Family Day	26 Su	26 We MPAC Verg	26 Th	26 Su	26 Tu MPAC Verg	27 Su
27 Sa	27 Tu	27 Fr MPAC Verg	27 Su	27 We	27 Fr	27 Mo	27 Th	27 Fr	27 Mo	27 We	28 Mo
28 Su	28 We Audit Kom Verg	28 Sa	28 Mo	28 Th PAF Verg	28 Sa	28 Tu Audit Kom Verg	28 Fr RV Verg	28 Sa	28 Tu	28 Th	29 Tu
29 Mo	29 Th	29 Su	29 Tu PAF Verg	29 Fr	29 Su	29 We	29 Sa	29 Su	29 We	29 Fr RV	30 We RV
30 Tu	30 Fr RV verg UK items sluit	30 Mo	30 we	30 Sa	30 Mo	30 Th RV verg UK items sluit		30 Mo	30 Th RV	30 Sa	
31 We	31 Sa		31 Th		31 Tu	31 Fr		31 We RV verg		31 Su	

Appendix D- MUNICIPAL FUNCTIONS

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

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Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 5, Part B functions:		
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	No	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	No	No
Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	Yes	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	No	No
Local sport facilities	Yes	No
Markets	No	No
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	No	No
Pounds	No	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	No	No
Street lighting	Yes	No
Traffic and parking	Yes	No
***If municipality: indicate (yes or No); * If entity: Provide name of entity**		T D