



2022/23

2022/23 ANNUAL REPORT

1. VISION

A model municipality in partnership with its community through excellent service delivery, local economic development and public participation.

2. MISSION

Building a caring, responsive, accountable and economic viable municipality.

3. VALUES

In implementing the above, the Amahlathi Municipality subscribes to the following values.

- ♦ Teamwork
- ♦ Trust
- ♦ Honesty
- ♦ Responsibility
- ♦ Dedication
- ♦ Value and acknowledgement of the individual.
- ♦ Integrity
- ♦ Work Ethics.
- ♦ Transparent and Clean Government.
- ♦ Tolerance
- ♦ Understanding
- ♦ Good Leadership.
- ♦ Accountability
- ♦ Value for Money
- ♦ Efficiency and Affordability
- ♦ Developmental Local Government striving for effectiveness and Performance.

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ACRONYMS

IDP- Integrated Development Plan
PDP- Provincial Development Plan
SCM- Supply Chain Management
MIG- Municipal Infrastructure Grant
SDBIP- Service Delivery & Budget Implementation Plan
MRM- Moral Regeneration Movement
MPAC -Municipal Public Accounts Committee
FMG- Finance Municipal Grant
MSIG- Municipal Systems Improvement Grant
LLF- Local Labour Forum
MM- Municipal Manager
CFO- Chief Finance Officer
MTREF- Medium Term Revenue Expenditure Framework
GRAP- General Recognised Accounting Practise
SANRAL- South African National Road Agency Limited
SALGA- South African Local Government Association
ADM- Amathole District Municipality
NER- National Electricity Regulations
SMMEs- Small Medium and Micro Enterprises
HR- Human Resource
OHS- Occupational Health and Safety
MFMA- Municipal Finance Management Act
CCLR- Councillor
PR CLLR- Proportional Representative Councillor
PMS- Performance Management System
IGR- Intergovernmental Relations

DCF- District Communicators Forum (DCF)
DEDEAT- Department of Economic Development Environmental Affairs and Tourism
DRDAR- Department of Rural Development and Agrarian Reform
NGO- Non- Governmental Organisations
AFS- Annual Financial Statements
CIPC- Companies & Intellectual Property Commission
KPI- Key Performance Indicator
KPA- Key Performance Area
TCS- Traffic Contravention System
DPASA- Department of Public Services and Administration
VAT- Value Added Tax
AOPO- Audit of Predetermined Objectives
MTEF- Medium Term Expenditure Framework
SMART - Specific Measurable Assignable Realistic Time-related
HODs- Head of Departments (HO-Ds)
ICT- Information Communication Technology
PPE- Property Plant & Equipment
FAR- Fixed Asset Register
AC- Audit Committee
MPRA- Municipal Property Rates Acts
AG- Auditor General
FY- Financial Year
COGTA- Cooperative Governance and Tradition Affairs
KKH- Keiskammahoek
SLA- Service Level Agreement
DR- Disaster Recovery
IT- Information Technology
MEC- Member of Executive Council
Q1- Quarter 1
Q2- Quarter 2
Q3- Quarter 3

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Q4- Quarter 4

AO- Accounting Officer

IA- Internal Audit

PPP- Private Public Partnership

N/A- Not Applicable

ALM- Amahlathi Local Municipality

EPWP- Extended Public Work Programme

GSFPA- Greater Stutterheim Fire Protection Association

UIF- Unemployment Insurance Fund

CA- Chartered Accountant

SA- South Africa

SPU- Special Programs Unit

LTO- Local Tourism Organisation

CTO- Community Tourism Organisation

LED- Local Economic Development

SALGBC- South African local Government Bargaining Council

CWP- Community Works Programme

MCCP- Mlungisi Community Commercial Park

DSRAC- Department of Sport Recreation Arts and Culture

EAP- Employment Awareness Programme

HRD- Human Resource Development

YTD- Year to Date

EEP- Employment Equity Plan

WSP- Workplace Skills Plan

LGSETA- Local Government Sector Education Training Authority

NERSA- National Energy Regulation South Africa

BTO- Budget and Treasury Office

MVR- Motor Vehicle Registration

SDI- Service Delivery and Infrastructure Development

MFV- Municipal Financial Viability

MTI- Municipal Transformation and Institutional Development

GGP- Good Governance and Public Participation

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

MAYOR'S FOREWORD



We are almost 23 years since the amalgamation which established Amahlathi Municipality with its esteemed natural beauty featuring the Amathole Mountain Range with its natural forests and planted timber, the friendly N6 and the palatable Dohne Sourveld. In the financial year 2022/23 serving 15 wards with a lower revenue base proved both our political and administrative leadership to be capable. We had no choice to but to use resources efficiently in all our service delivery endeavours. The implementation of the Revenue Enhancement Strategy began to

bear fruits.

Once again, this year we invested our efforts at improving both financial and performance oversight which translated into better financial controls by administration and performance monitoring by the Executive Committee. These improvements will establish a good foundation for an increased socio-economic emancipation to obviate the economic scourge of unemployment and thus unlock potential of our natural resource base such as forestry, agriculture and manufacturing. The council is committed to ensure a more conducive environment for business so that more jobs can be created.

The constitution of the republic establishes local government as the sphere of government that should provide a democratic and accountable government for local communities. As the sphere of government accountable to its people, Amahlathi Municipality will always be evaluated on its ability to meet the growing needs of its people through rendering quality services, promoting economic development, fiscal discipline, ensuring that it governs effectively and facilitating the growth of the municipality.

The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA) commands Amahlathi Municipality to prepare an annual report for each financial year. Section 127(2) of the Act requires that the mayor, within seven months after the end of a financial year, to table in the municipal council the annual report of the municipality. It is against this legislative requirement that the Amahlathi Municipality has prepared this document.

The Annual Report is an account of how the municipality has taken up the challenge to grow the Amahlathi area, effectively engage the community and develop partnerships with the business sector. Section 46(1) of the Municipal Systems Act (MSA) requires municipalities to prepare a performance report for each financial year, setting out the performance of the municipality and its external service providers. The report should measure current performance against targets and performance in the previous financial year and outline measures to improve performance in the year ahead. The annual performance report must form part of the annual financial report.

It is therefore my pleasure to present this Annual Report of Amahlathi Municipality for the period of 2022/23 to Council, the people of Amahlathi, the National and Provincial Treasury, the Local Government, Auditor General and other stakeholders.

Whilst the role of the Office of the Mayor is established to provide political guidance and ensuring that governance structures exist and are functional, it is also the legislative requirement enshrined in the Municipal Finance Management Act that I present this report to all Amahlathi Municipality stakeholders.

The municipality has managed against many challenges to render basic services to improve the lives of its communities even though everything done was against the backdrop of limited financial resources to fund

various projects. The municipality appreciates the strides it has made to address the needs and aspirations of its communities and recognises that there is even more that still remains to be done.

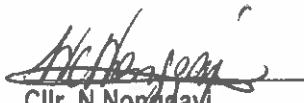
Our role and responsibility as Amahlathi Municipal Council is to implement projects that have been budgeted for and translated into a Service Delivery and Budget Implementation Plan. It is in this regard that the Office of the Mayor applauds the dedication displayed to accomplish this good work when challenges mounted this high and yet production was possible.

Amahlathi Municipality is determined to achieve its strategic objectives through partnership with communities in addressing the basic services as outlined in its Integrated Development Plan (IDP). It is also important to mention that the municipality has aligned its planning to the Provincial Development Plan (PDP), through the development of targets that focuses on addressing goals identified in the PDP. This is done in order to ensure contribution to provincial vision of flourishing people in a thriving province by 2030.

I would like to thank the community of Amahlathi for continuously believing in the municipality, participating in the programmes, their willingness to be part of the collective. I would also like to extend my gratitude to my fellow Councillors, the Audit Committee, Senior Management and staff for their undivided commitment to collectively participate in Municipality's developmental Agenda. My sincere gratitude also goes to the MEC of COGTA Hon Xolile Nqatha and the Executive Mayor of ADM for their unwavering support provided to the Amahlathi Municipality.

This year has proved to be a challenging one and thanks to those challenges because they have laid a good foundation for what must be done in the coming financial year. Going forward the council in solid partnership with its community must take a centre stage in developing a deliberate programme which must yield sound service delivery praxis to service all its people and stakeholders. Better service delivery is directly associated with a motivated work force. The aim is to build and grow a resilient Amahlathi Municipality as the employer of choice and a model agent of radical socio-economic transformation.

Thank you.



Cllr. N Nongqayi
Her Worship, the Mayor
Amahlathi Municipality



B: STATEMENT OF THE MUNICIPAL MANAGER

This Annual Report captures Amahlathi Local Municipality's strategic focus, provides an overview on its performance, and sets out Council's financial position for the 2022/2023 financial year. The report also outlines the details of the various programmes managed by the Directorates of Amahlathi Local Municipality and how the municipality has performed towards meeting the set targets. The municipality firmly believe that it is on track towards meeting the growth and its set development targets although this year's challenges impacted negatively on the overall performance of the Municipality.

The municipal administration consisted of five directors who reported to the Municipal Manager. Their task is to implement policies and strategies passed by council to ensure proper service delivery.

As we present the annual report for the 2022/23 financial year, I confirm that the report has been compiled in line with the Local Government: Municipal Systems Act 32 of 2000 as amended, the Local Government: Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations as well as National Treasury Circular No. 63 that outlines Annual Report Guidelines.

These are the five top risks that were identified by the municipality and priorities below were set to address such risks.

- Vandalism on public amenities
- Distribution losses on electricity
- Inadequate revenue collection.
- Non-adherence to SCM policies, procedures and regulations
- Slow spending on conditional group

The key priority areas of the institution during the year under review find their expression in the Integrated Development Plan, Budget and Service Delivery and Budget Implementation Plan and include the following:

- a) Performance management
- b) Expanded Public Works Programme
- c) Provision of basic services to communities
- d) Meeting of statutory timelines and reporting frameworks.
- e) Development, review and approval of municipal policies.
- f) Enhance public participation programme
- g) Deal with administrative matters that will ensure the smooth induction of Council.

In the 2023/24 financial year, the following areas received priority.

- a) Institutionalisation of outcomes approach
- b) Accelerating and improving access to basic services
- c) Internal implementation of infrastructure projects using internal plants
- d) Continuing to review and improving financial systems and procedures.
- e) Address issues emanating from the Auditor-General's report for 2021/22 financial year.
- f) Development of municipal by-laws
- g) Public safety and law enforcement
- h) Improving reporting, monitoring and evaluation
- i) Capacitation of councillors and municipal employees.
- j) Revenue Enhancement
- k) Organizational Design

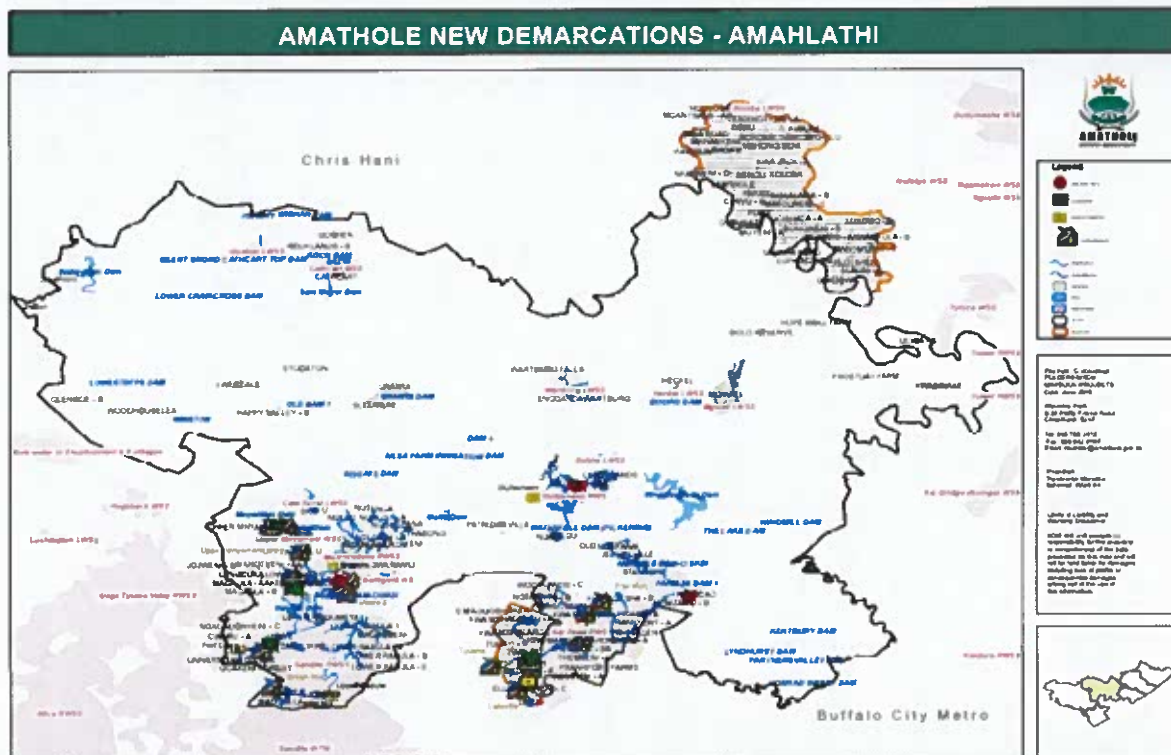


MUNICIPAL MANAGER
DR. Z SHASHA

C: EXECUTIVE SUMMARY

1.1 Municipal Manager's overview

Amahlathi Municipality is a category B collective executive type with ward participatory system. This locality is situated in the Northern part of the Amathole District Municipality and stretches about 4266.21km² between Raymond Mhlaba, Buffalo City, Great Kei and Chris Hani District. Amahlathi Municipality has four small towns namely, Stutterheim, Cathcart, Keiskammahoek and Kei Road. Stutterheim and Cathcart are strategically placed along the N6 road with access to the rail and road network. Keiskammahoek is the agricultural hub with a majority of the population active within the agricultural sector. Kei Road is the most underdeveloped town followed by Keiskammahoek. The main municipal offices are situated in Stutterheim where the Council is accommodated. The locality includes the bulk of the Amathole Mountain Range, Dohne Sourveld, Gubu and Wriggleswade Dams. The municipality is the home of major economic and development giants like Manderson Hotel, Dohne Agricultural Research Institute, Rance Timbers, ANCA Foods and Newden. The Forest Way also provides the municipality with great tourist attraction sites at the foot of the Amathole Mountains. The locality receives an average annual rainfall of about 600mm and is blessed with good soil in various areas thus giving it a somewhat high agricultural potential. The main economic sectors are community services, finance, manufacturing, trade, agriculture, construction and transport.



1.2 Population & Household dynamics

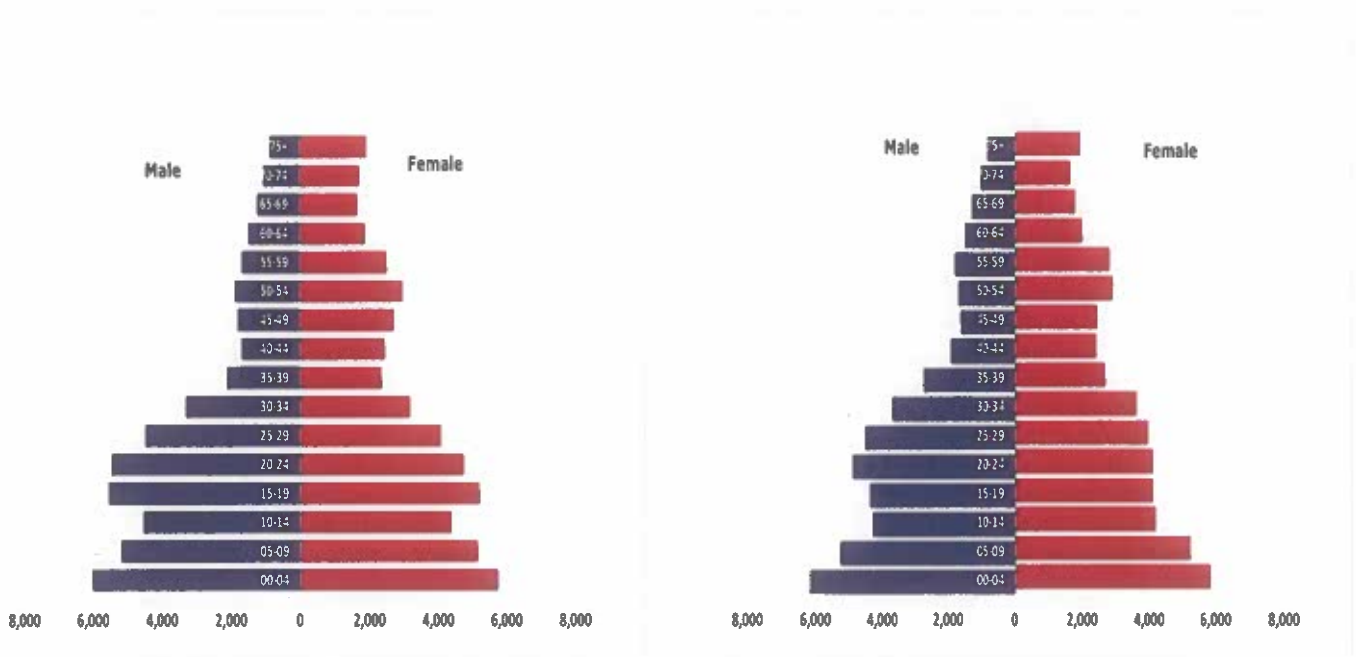
The population of Amahlathi has decreased from 122 778 to 101 826 based on the new boundaries as per the 2016 Community survey done by Statistics SA, this came as a result of the number of wards that have been reduced from 20 to 15 by the Demarcation board. The 2016 Community Survey also shows a decrease in the households from 34 159 to 29 994 households. The population is unevenly distributed among the 15 wards.

Age and Gender Distribution

- i. The gender distribution analysis of Amahlathi population reflects a similar pattern to that of the country with females accounting for 51.75% and males only 48.25%. Since females form the greater portion of the economically active population age groups 15 to 64 years, it will be strategic for the municipality to increase their participation in local governance issues.
- ii. The population pyramids below provide a breakdown of the population estimates in the municipality by age, group and gender for 2011 and makes a comparison with 2016 population estimates. The population of the municipality shows a typical age structure of a very young population distribution. The economically active population (15-64) who are willing and able to work account for 60%. Those in the age group 15-34 account 31% however by 2016, the structure changed and the population in those age cohorts grew to 60.6% and those in the 15-34 age cohort declined to 29.1%. The decline in the youth category could indicate the out-migration impact where the youth would typically seek better working and living conditions elsewhere in the region.

Population pyramid 2011

Population pyramid 2016



1.3 Household Income distribution

The ability to meet basic needs, such as for adequate food, clothing, shelter and basic amenities, is largely determined by the level of income earned by the households.

61.4% of households in Amahlathi earn between R30, 000 to R72, 000 per annum. The households with the highest income brackets fall between R30,000 – R42,000 and R18,000 – R30,000 accounting for about 18.9% and 17.0% of households respectively. In 2016, there was a significant shift in the income breakdown where certain income brackets grew while others declined. Households in the income categories of R0 to R4, 200 experienced a cumulative decline of about 18% while significant increases in the categories of R42, 000 upwards were experienced increase with those between R72, 000 to R132, 000.

1.4 Access to basic services

According to data below as presented by Statistics South Africa in their 2016 Community Survey, over 80% of households in the past 15 years have access to water and electricity. However, during the two periods, access to water declined slightly although at high levels while significant increase in the provision of electricity was observed as more than 90% of households in the municipality. Access to electricity is reliant on infrastructure above ground with cables that are able to cover significant land area compared to services that are provided by infrastructure underground.

Toilet facilities remain at low levels. Challenges in providing sanitation services in most municipalities include in-ground factors and the soil type. The service is influenced also by the type of infrastructure the municipality should provide taking into consideration the topography of the municipality in terms of identifying of landmark features and vegetative land cover.

With regards to access to refuse removal much focus is required as levels are low and declining which is indication of high backlog levels. This could likely be a result of the sparsely distributed households including the access to the various wards in the municipality for the collection of the refuse. The high levels of refuse removal to a communal service indicates refuse being disposed in a central place by households as opposed to removal by the municipality or a service provider.

Table: Access to service delivery

Access to Basic Infrastructure	2011		2016	
	Households	% of households with access	Households	% of households with access
Main source of drinking water				
Access to piped water	26 269	92.0%	22 041	89.7%
No access to piped	2 278	8%	2 535	10.3%

water				
Access to Sanitation				
Flush Toilets	7 640	27.5%	6 040	24.6%
Chemicals	415	1.5%	1512	6.2%
Pit Toilets	18 263	65.7%	15 235	62.0%
Buckets	67	0.2%	48	0.2%
None	1403	5.0%	1 460	5.9%
Energy for lightning				
Electricity	24 919	87.4%	22 610	92.7%
Other	3 590	12.6%	1 781	7.3%
Energy for Cooking				
Electricity	20 577	72.3%	20 840	85.9%
Other	7 880	27.7%	3 429	14.1%
Access to refuse removal				
Removed by local authority at least once a week	7 113	24.9%	3 438	14.0%
Removed by local authority less often	96	0.3%	256	1.0%
Communal refuse dump	316	1.1%	2 637	10.7%
Own refuse damp	19 789	69.3%	17 323	70.5%
No rubbish disposal	1 150	4.0%	231	0.9%

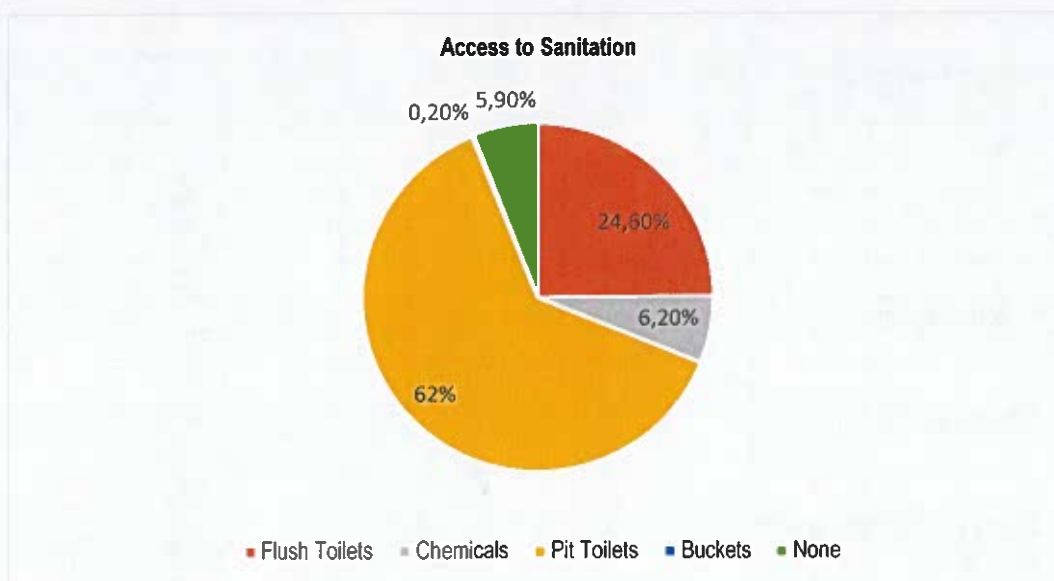
Source: Stats SA Community Survey 2016, own calculations

According to Community Survey 2016 about 89.7% of the households in Amahlathi area access water from regional/ local water scheme operated by the municipality or other water service provider and only 10.3% that does not have access to piped water.

Electricity – 2016 Community Survey as per the table above indicates that 92.7% of households at Amahlathi uses electricity for lighting compared to 87.4% calculated in the Census 2011 meaning there is a great improvement of about 5.3%.

Refuse removal - The statistics above indicate that about 70.5% of Amahlathi households uses their own refuse dump as compared to 69.32% in 2011 and only 14.0% that have access to refuse removal at least weekly. This shows that there is still huge backlog on refuse removal.

Access to Sanitation



Source: Community Survey 2016

Sanitation - Community Survey 2016 indicates that 62 % of Amahlathi households still use pit toilets ventilation, 24.6 % use flush toilets with sewerage system, 5.9 % do not have any toilets, and 6.2% uses chemical toilets and only 0.2% uses bucket system. The statistics merely indicates there's a great need for flush toilets with sewerage system in Amahlathi.

1.5 Financial Overview

Financial Overview: Year 2022/23			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants (excluding Capital)	130 728	130 989	130 608
Taxes, Levies and tariffs	78 073	78 473	70 000
Other	20 055	23 662	24 426
Sub Total	228 855	233 123	225 034
Less: Expenditure	255 339	276 374	298 871
Net Total*	(26 484)	(43 250)	(73 028)
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	45%
Repairs & Maintenance	1%
Finance Charges & Depreciation	12%
T 1.4.3	

Total Capital Expenditure: Year -2019/20 to Year 2022/23			R'000
Detail	Year 2020/21	Year 2021/22	Year 2022/23
Original Budget	32 016 460,00	31 130 100,00	39 791 000,00
Adjustment Budget	52 729 226,00	39 667 600,00	41 341 171,00
Actual	48 808 402,00	27 192 520,00	30 177 040,39
			T 1.4.4

1.6 Auditor General Report 2022/23 Financial Year

The first half of the financial year was an audit period, where Auditor General conducted audits on both finance and performance information.

The municipality received a qualified audit opinion on Financial Statements which is a regression when compared to previous years and received qualified Performance management which is improvement compared to 2021/22 financial year where the municipality received a Disclaimer.

Basis of Opinion

Property, plant and equipment - The municipality did not depreciate property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. Consequently, property, plant and equipment disclosed in note 10 to the financial statements and statement of financial position was overstated by R4.3 million and depreciation understated by R4.3 million, respectively. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

General expenses - The municipality did not record invoices in the accounting system when the transactions occurred in accordance with GRAP 1, Presentation of financial statements. As a result, general expenses were also recorded in the incorrect financial period. Consequently, general expenses disclosed in note 33 to the financial statements and statement of financial performance were overstated by R6.5 million, and trade payables understated by R6.5 million, respectively. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

A detailed report on the AG's findings is attached as part of Annual report for 2022/2023 financial period.

1.7 Statutory Annual Report Process

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan 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	July

No.	Activity	Timeframe
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year Annual Report to Internal Audit and Auditor-General	
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

Institutional Structure of Amahlathi Local Municipality

The institutional Structure of Amahlathi Local Municipality is divided into two levels, the Political and Administrative Structures. The Administrative Structure is accountable to the Political Structure.

2.1. Political Structure of Amahlathi Local Municipality

The Principalship of Amahlathi Local Municipality lies with the Council with the Executive Committee as its primary committee to facilitate service delivery. The Mayor is the chairperson of the Executive Committee while Speaker is the chairperson of the Council. Chief Whip chairs the committee of Whips. The mayor is the political head of the municipality vested with powers to set out priorities over the financial affairs of the municipality in terms of Chapter 7 of the Municipal Finance Management Act.



Cllr Nomakhosazana Nongqayi (Mayor)



Cllr Nokuzola Mlahleki (Speaker)



Cllr Phatheka Qaba (Chief Whip)

LISTED BELOW ARE THE COMMITTEES THAT ASSIST COUNCIL IN CARRYING OUT ITS RESPONSIBILITIES; -

i. Executive Committee.

The Mayor of Amahlathi Local Municipality, **Honourable Cllr. N Nongqayi**, assisted by the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since powers are vested in her to manage the day-to-day affairs. This means that she has an overarching strategic and political responsibility.

The executive committee consists of the Council members (chairperson of each standing committee) listed below and the heads of departments. Meetings are convened monthly but special meetings are convened when the need arises.

No.	Names
1.	Cllr Nomakhosazana Nongqayi
2.	Cllr Xola Tokwe
3.	Cllr Phatheka Qaba
4.	Cllr Nobathembu Kato-Manyika
5.	Cllr Busisa Xongwana
6.	Cllr Thamsanqa Balindlela

iii. Municipal Public Accounts Committee (MPAC).

The Municipal Public Accounts Committee is established to assist Council to fulfil its mandate of overseeing the Executive and the Administration.

The committee sits quarterly but special meetings are convened when the need arises. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. Below is the list of the members of the committee.

No.	Names
1.	Cllr Zukisa Qonto
2.	Cllr Xoliswa Neti
3.	Cllr Masixole Gantsho
4.	Cllr Phathuxolo Able Simandla
5.	Cllr. Nicholas Ncevu
6.	Cllr. N.V. Mjandana

iv. Standing Committees

In terms of Section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or the mayor.

Section 79 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee

on policy matters and make recommendations to Council. The meetings are held monthly meaning 12 sittings per year.

The portfolio committee members together with their chairpersons are as follow:

a. Infrastructure Service delivery Committee

No.	Names
1.	Cllr X.Tokwe - Chairperson
2.	Cllr N. Nyangwa
3.	Cllr N. Mbulawa
4.	Cllr R.B. Pickering
5.	Cllr M. Nqini

b. Corporate Services Committee

No.	Names
1.	Cllr P. Qaba
2.	Cllr M.E. Maweni
3.	Cllr N.C. Mkiva
4.	Cllr M. Neku
5.	Cllr P.N. Onceya-Sauti
6.	Cllr N. Ngxakangxaka

c. Community Services Committee

No.	Names
1.	Cllr T. Balindlela – Chairperson
2.	Cllr A. Hobo
3.	Cllr N.Z. Klaas
4.	Cllr N.O. Sidinana
5.	Cllr M. Nqini
6.	Cllr N.V. Mjandana

d.

Planning

and

No.	Names
1.	Cllr B. Xongwana - Chairperson
2.	Cllr N. Ngxakangxaka
3.	Cllr M. Busakwe
4.	Cllr M.E. Maweni
5.	Cllr. N. Salaze

Development Committee

e.

No.	Names
1.	Cllr N. Kato-Manyika Chairperson
2.	Cllr N. Mbulawa
4.	Cllr N. Nyangwa
5.	Cllr R.B. Pickering
6.	Cllr M. Busakwe

Budget and Treasury Committeev. **Other Committees****Whips Committee**

No.	Names
1.	Cllr Moslina Ngini
2.	Cllr Agnes Hobo
3.	Cllr Nosipho Cynthia Mkiva
4.	Cllr Nonkanyiso Charlie
5.	Cllr Ntombizonke Vivian Mjandana
6.	Cllr Neliswa Mbulawa
7.	Cllr Ndileka Ngxakangxaka
8.	Cllr Zamuxolo Emmanuel Mfulana
9.	Cllr. Onke Mgunculu

Rules, Ethics and Integrity Committee

No.	Names
1.	Cllr Agnes Hobo
2.	Cllr Ngenamazizi Orsmond Sidinana
3.	Cllr Mbeko Neku
4.	Cllr Nonkanyiso Charlie
5.	Cllr Ntombizonke Vivian Mjandana
6.	Cllr. Moslina Ngini

Local Labour Forum Committee

The Local Labour Forum is a consultative structure that only takes decision within its powers and functions. The main collective agreement confers to the Local Labour Forum powers and functions of negotiating and or consulting among other things.

- On matters of mutual concern pertaining to the employer which do not form the subject matter of negotiations at the council or Division
- On such matters as may from time to time be referred to such forum by the Council or its division.
- Concluding of minimum service level agreement

The Local Labour Forum is established with equal representation from trade unions and the employer with the trade union's representation divided in proportion to their respective membership. In the year (21/22) under review the Local Labour Forum was functional. 4 LLF meetings were held as follows:

No.	Dates of Local Labour Forum
1.	16 August 2022
2.	15 November 2022
3.	12 March 2023
4.	20 June 2023

a. COMPOSITION OF LOCAL LABOUR FORUM COMMITTEE

No.	Names
1.	Cllr. P. Qaba – LLF Chairperson
2.	Cllr. L. Sidinana
3.	Cllr. N. Manyika
4.	Cllr. R. Pickering
5.	Mr. L. Manjingolo
6.	Ms. N. Nqulo
7.	Ms. A. Noholoza
8.	Ms. T. Ndlamhlaba
9.	Mr. V. Msindwana – Labour Relations Officer
10.	Ms. T. Magwangqana -SAMWU Rep
11.	Mr. L. Nkongo -SAMWU Rep
12.	Mr. X. Roji-SAMWU Rep
13.	Mr. B. Sokrowa (Imatu Rep
14.	Mr. V. Bambatha – SAMWU Rep
15.	Ms. A. Matiwane- SAMWU Rep
16.	Mr. Z. Mkosi- SAMWU Rep
17.	Mr. X. Njaba – Admin Officer

b. Audit and Performance Committee

The function of the Audit and Performance Committee is primarily to assist the Municipality in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of financial reports and statements. The Audit and Performance Committee had 4 members listed below and should meet 4 times per annum as per its approved terms of reference.

NUMBER	SURNAME AND INITIAL	QUALIFICATION
1.	Smith L - AC Chairperson	CA (SA), Registered Auditor
2.	Mdani M - AC Member	Master's in business administration Post Graduate Diploma Management B.Tech HRM National Diploma in HRM
3.	M. Manxiwa - AC Member	Attorney (Registered with Legal Practice Council) Bachelor of Law Corporate Law Certificate
4.	N. Hermanus-Mabuza - AC Member	Professional Internal Auditor (PIA) – (IIA) Masters in business administration Certificate: Advanced Business Program National Diploma: Internal Auditing Certificate: Information System Computer Auditing Accredited: Internal Quality Assurance Review (IIA)

The Audit Committee had the following meetings during the year:

Audit Committee Meetings
26 th July 2022 – Ordinary AC
28 th August 2022 – Special AC
23 rd November 2022 – Ordinary AC
23 rd January 2023 – Ordinary AC
24 th May 2023 – Ordinary AC
26 th June 2023 - Special AC

c. Training and Employment Equity Committee

In terms of the regulations to the Skills Development Act, every organisation with more than 50 employees must establish an institutional forum (Training & Employment Equity Committee) for purposes of consultation with regards to skills development. The Training & Employment Equity Committee consists of the following Councillors and Officials, and it sit bi-monthly. In the year (2022/23) under review the Training and Employment Equity Committee was functional and meetings were held as follows:

No.	Dates of Training & Employment Equity
1.	15 August 2022
2.	08 November 2022
3.	06 March 2023

d. COMPOSITION OF TRAINING AND EMPLOYMENT EQUITY COMMITTEE

No.	Names
1.	Cllr. P. Qaba – TEEC Chairperson
2.	Cllr. N. Ngxakangxaka
3.	Cllr. NC. Mkiva
4.	Cllr. NA. Kato-Manyika
5.	Cllr. MA. Bukakwe
6.	Cllr. Mlahleki N
7.	Cllr R. Pickering
7.	Mr. L. Manjingolo – Chief Financial Officer
8.	Ms. N. Nqulo – Director: Corporate Services
9.	HR Officer
11.	Skills Development Facilitator/Training Coordinator
12.	Occupational Levels: Representatives: <ul style="list-style-type: none"> - Senior Management - Professionally qualified & experienced Specialists & Middle Management - Skills -technical - Semi-skilled - Unskilled
13.	• Imatu Representative
14.	• Samwu Representative
15.	• Non-Union member representative
16.	Mr. X. Njaba – Admin Officer/Secretariat

2.2 Administrative Structure of Amahlathi Municipality

The Municipal Manager is the head of administration. Directors as heads of departments report directly to the Municipal Manager while the Municipal Manager accounts to the Mayor and Council.



Dr Zamuxolo Shasha (Municipal Manager)



Mr. Lubabalo Manjingolo - CFO

Ms Nozuko Nqulo – Director Corporate Service

Ms N Dlova – Engineering Director

Ms Andiswa Noholoza – Director Community Services



Mr Simphiwe Mnweba (Director Development and Planning)

ROLES AND RESPONSIBILITIES OF DIRECTORATES

Role of Municipal Manager.

- Act with fidelity, honesty, integrity and in the best interests of the municipality in managing its financial affairs.
- Disclose to the municipal council 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.
- Seek within the sphere of influence of the accounting officer to prevent any prejudice to the financial interests of the municipality.
- The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively efficiently and economically.
- Ensure full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

- Ensure the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control, internal audit operating in accordance with any prescribed norms and standards.
- Ensure that are unauthorised, irregular, or fruitless and wasteful expenditure and other losses are prevented.
- Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of Municipal Finance Management Act 56 of 2003.

Role of the Chief Financial Officer:

- Is administratively in charge of the budget and treasury office.
- Must advise the accounting officer on the exercise of powers and duties assigned to the accounting officer in terms of this Act.
- Must assist the accounting officer in the administration of the municipality's bank accounts and, in the preparation, and implementation of the municipality's budget.
- Must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79.
- Must perform budgeting, accounting, analysis, financial reporting, cash management, debt management and supply chain management.
- Financial management, review and other duties in terms of section 79 as delegated by the accounting officer.
- The chief financial officer of a municipality is accountable to the accounting officer for the performance of the duties referred to in subsection.

Role of the Director Engineering Services

- Responsible for the maintenance of all Municipal roads and storm water with the limited funding and machinery that is available. This does not include roads that fall under the Department of Roads and Public Works and South African National Road Agency Limited (SANRAL).
- The goal of the Building Control Unit is to enable the Amahlathi Municipality to fulfil its role as a controller of all Building activities & maintenance of all buildings, Engineering Planning aspects of services provision of new settlement areas and ensure that municipal buildings are continuously and adequately maintained.
- The goal of the PMU Unit is to see the proper implementation and control of all projects in Amahlathi Municipality funded by Municipal Infrastructure Grant (MIG) / INEP /DMRE. MIG programme is aimed at providing all South Africans with at least a basic level of service. INEP/DMRE programme aims for all households to be provided with an electricity supply.
- Electricity provided in Stutterheim, Cathcart & Amabele Village Station under the NERSA Distribution Licence NER/D/124EC. Eskom is responsible to provides electricity supply and connections to villages not covered in terms of NERSA Distribution Licence NER/D/124EC terms and conditions.

- **Distribution & Reticulation:** The goal is to maintain the systems in order to provide a safe, reliable and efficient electricity supply. Meter readings & monitoring of consumption with assistance of BTO to ensure efficiency in electricity service provided.
- **Public Lights (Street & High masts):** All Public lights funded through the municipal rates component, the electricity section responsible for planning, installation of new lights as well as the maintenance of public lights.
- **Municipal Buildings:** Ensure electrical supply to premises as a customer. Guidance with compliance in terms of SANS electricity wiring of premises. Monitoring of work quality in compliance with the Occupational Health & Safety Legislation. HVAC (Air Conditioners) – guidance to other units, monitoring quality and compliance in terms of Occupational Health & Safety requirements and Legislation.

Role of the Director Corporate Services

Plans, coordinates and manages activities of the Human Resources department to ensure the delivery of HR services such as HR Planning, Personnel Provisioning, and Administration of conditions of service, Personnel utilisation, Industrial relations and skills development.

- To develop a departmental vision and strategy and ensure implementation to provide effective service delivery.
- Manages performance of employees in the Department to ensure optimal work performance. Plans and manages utilisation of resources in order to perform activities. Develops and monitor systems, policies, procedures and processes to ensure correct working operations and practices.
- Manage the Human Resources department of the Amahlathi Council to ensure compliance with the corporate services directorate strategic plan.
- Develop, Manage and administer the recruitment and selection policy to ensure compliance with Recruitment and selection policy of the Municipality.
- Promote good and sound industrial relations environment to ensure labour stability in the municipality.
- Administer the implementation of the Employment Equity to ensure compliance with the Employment Equity Plan.
- Manage the Training and Development Function to ensure effective training system in the Municipality.
- Overall management of the Occupational Health and safety to ensure compliance with the OHS Act.
- Manage the use of Council resources to ensure economic, effective and efficient service delivery.
- Management of an administration system that is efficient and facilitates decision making and service delivery throughout the Amahlathi Municipality

- Manage the Municipality's administration in accordance with the constitution, local government municipal structures act and other applicable legislation.
- The effective management of Human Resources in order to ensure that transaction and implementation of skills development, employment equity, performance management and fleet management.

Role of the Director Community Services

- To contribute towards a safe and secure environment
- To promote a clean and healthy environment
- To promote a culture of reading and learning
- To ensure that public amenities are improved and well managed.
- To reduce number of road carnages on our Public Roads
- To increase Traffic visibility in our Municipal Roads

Role of the Director Development Planning

- Facilitation of Local Economic Development
- Co-ordination of agricultural programmes
- Support to SMME's and Co-operative's
- Co-ordination of Tourism development
- Promotion of Culture and Heritage sub-sectors within Amahlathi
- Development of Local Economic Development related policies
- Co-ordination of Human Settlement delivery within Amahlathi
- Management of Spatial Development and Town Planning
- Land Use Management
- Ensure effective use and management of Municipal land.
- Lead the implementation of High Impact Development Initiatives
- Facilitation of Development Partnerships.

B. INTER GOVERNMENTAL RELATIONS

2.3 INTER GOVERNMENTAL RELATIONS COMMITTEE

Chapter 3 of the Constitution Act 108 of 1996 provides for the principles that underpin the relations between the spheres of government. IGR meetings sit on a quarterly basis and are information-sharing sessions that seek to align planning between the municipality and other spheres of government.

Amahlathi Local Municipality has developed and adopted an IGR Policy Framework in 2016/17 that encourages establishment of IGR Clusters and the broader IGR to provide a platform for the meeting of minds of sector departments, stakeholders and the municipality.

The municipality has managed to revive its IGR clusters during 2022/23 financial year (aligned to all 5 municipal key performance areas (KPA)). However, not all clusters managed to function fully due to the fact that the Good Governance & Public Participation cluster does not have the chairperson to coordinate it.

The table below illustrates all the dates that broader IGR forum meetings were held during each quarter:

Quarter	Date
Q1	13 September 2022
Q2	24 November 2022
Q3	14 March 2023
Q4	18 May 2023

All four quarterly IGR meetings managed

to sit with the concern of inconsistencies on attendance of sector departments.

C. PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 Public Accountability

In the 2022/2023 financial year a Public Participation Strategy has been developed and it is awaiting Council Approval. The purpose of the Public Participation Strategy is to provide for mechanisms by which the public may

participate in the affairs of the Municipality and to clarify roles and responsibilities of all the role players and interested parties. It will therefore be used to report back and account to residents about council decisions, plans,

and budgets and also inform people of new services, tariffs, developments and policies. The strategy will ensure full and proper accountability to the people of Amahlathi Local Municipality and create an enabling environment for civil society to find a platform upon which they can voice their concerns and take part in the fundamental decision making issues that affect them and communities at large.

The Municipality has a Public Participation Policy that was adopted by Council on 1 September 2015, and it is reviewed annually. In accordance with Municipal systems Act 2000, the municipality holds regular IDP/PMS/ Budget Representative Forum meeting in drafting IDP and Budget. Forum meetings are be convened quarterly in preparation of each phase.

The following forms are used in calling the interested parties.

- ✓ Website, Facebook, Notice Boards to publish our notices.
- ✓ Community Radio Stations to reach those parts of our community that do not read newspaper.
- ✓ Posters, pamphlets, ward councillors, ward committees, Community Development Workers (CDW) and announcements through community gatherings and community-based organizations
- ✓ Loud hailing

Other structures used to enhance public participation is through Ward Committee Meetings, LED Forums and SPU Forums and Local Communicator's forum which are convened quarterly.

To ensure that the needs of unorganized groups are represented as well, advocacy groups and non-

Governmental Organizations (NGOs) are used as well for communication. Meetings of the Representative Forum will be held in any appropriate Municipal buildings and the preferable languages that we use during these.

sessions are:

English

Xhosa

The following tables reflects the roadshows that were conducted during the year under review.

Purpose	Cluster	Date	Venue	Time
Priority needs Identification	Cathcart Cluster	13 th October 2022	Cathcart Town Hall	10H00
		13 th October 2022	Toise Community Hall	14h00
		14 th October 2022	Mandlakapheli Primary School	10H00
		14 th December 2022	Langdraai - Old abandoned house utilized as a hall by the community	14H00
	Stutterheim Cluster	18 October 2022	Mlungisi Community Hall	14h00
	Cluster	20 th October 2022	Springbok Community Hall	10H00
	King Kei	21 st October 2022	Ethembeni Matthew Goniwe School	10h00
	Stutterheim	1 st November 2022	Mgwali Community Hall	10h00
	Stutterheim	01 November 2022	Ndakana Tribal community Hall	14h00
	Stutterheim, Cathcart, Kingkei and Keiskammahoek	18/04/2023	Springbok Community Hall (Ward 1 and 2) Ndumangeni Community Hall	10H00
		24/04/2023	Kwazidenge	10H00

Purpose	Cluster	Date	Venue	Time
			Community Hall (Ward 06) Mlungisi Community Hall (14&15) Frankfort Hall (12)	
26/04/2023	King Kei	26/04/2023	Matthew Goniwe Primary School (Ward 07)	10:00
02/05/2023	Keiskammahoek	02/05/2023	Ngcamngeni Community Hall (10)	10:00
IDP/Budget/PMS Rep Forum	Stutterheim	14/09/2022	St Joseph's Church	10:00
	Keiskammahoek	06/12/2022	Springbok Hall	10:00
	Stutterheim	28/03/2023	Ndakana Tribal Hall	10:00
	Stutterheim	23/05/2023	Mlungisi Community Hall	10:00
Annual Report Roadshows	Cathcart Cluster	11/11/2022	Ndumangeni Community Hall	10:00
	King Kei Cluster	14/11/2022	Border Post Community	14:00
	Keiskammahoek Cluster	23/11/2022	Springbok Community Hall	14:00
	Stutterheim Cluster	16/02/2023	Ndakana Community	11:00

2.4.2 Ward Committees

In line with Chapter 4 of the Municipal Structures Act 1998, the municipality is committed to enhance democratic, open, transparent and participatory system of local governance within its area of jurisdiction. The municipality is mandated by the Municipal Structures Act to elect Ward Committees within 90 days after the local government elections.

There were 147 functional ward committees from 1 July 2021 to 30 October 2021, whereas there are supposed to have about 150 ward committees. The deficit of three ward committees is for various wards due to the resignations of other members. The ward committees were functional for the duration although the lack of tools of trade hampered the reporting of ward committees. The ward boundaries differ in nature from those that are vast, congested and those that are in the middle. The sittings differ from few to many however the number of meetings were not satisfactorily. The minimum expected for each ward was 12 meeting one in each month. The ward councillors should submit the reports and attendance registers as well as the payroll registers for the ward committees.

After the inauguration of the new Council on 22 November 2021, the establishment of ward committees commenced on 5 January and a total of 150 ward committees were elected 10 in each ward of the 15. Ward Committees were inducted by the municipality and COGTA on 10 and 11 May 2022. From 12 May the 150 ward committees commenced with their duties.

The functionality of ward committees is indicated on Appendix E of this report.

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
* Section 26 Municipal Systems Act 2000	T 2.5.1

D. CORPORATE GOVERNANCE

The council recognises the wide range of risks to which Amahlathi Local Municipality is exposed. Amahlathi Local Municipality is committed to the effective management of risk in order to achieve our goals and objectives, as well as converting risk into opportunities that create value for our stakeholders. It is therefore a strategic objective to adopt a process of integrated risk management that will assist Amahlathi Local Municipality in meeting its key goals.

To achieve this risk policy statement, an integrated risk management programme must be implemented and is continuously reviewed in order to improve its adequacy and efficiency. The Council and Municipal Manager, being responsible for the total process of risk management, produces a formal risk assessment on an annual

basis. This process is co-ordinated through the activities of the Risk Management Committee and Internal Audit Unit.

The Risk Management Committee is responsible for the assessment of risk to ensure that risk control and management efforts are not duplicated, risk identification "gaps" are avoided and that interdependencies at risk are identified and managed in a timely manner.

During risk assessment the strategic risk register and operational risk register were developed, and the action plans were developed. The municipality identified and prioritized the following 10 top risks **2022/23** financial year:

1. Failure to develop and maintain a positive relationship with the internal and external stakeholders
2. Failure to comply with legislative and other requirements
3. Compromised going concern
4. Inability to facilitate economic growth within Amahlathi
5. Failure to plan for, develop and maintain a sustainable infrastructure
6. Failure to be prepared for a Municipal Emergency and Recovery
7. Governance Failure
8. Failure to provide information technology systems and controls and to secure records
9. Fraud and Corruption
10. Ineffective Performance management Systems

Existence of the committee and functionality.

The municipality has an IT & Risk Management Committee which consists of all section 56 managers and supported by the appointed departmental risk champions. Risk management reports are reviewed quarterly by the Committee. Both strategic and operational risk assessments were performed for 2022/23 financial year.

The session was conducted on the 16th and 17th May 2023. The committee meetings were held on the following dates:

- 30th September 2022
- 02nd December 2022
- 19th June 2023

Risk Committee Meeting for Quarter 3 was not convened due to unforeseen circumstances however all quarterly risk management reports were reviewed by Risk Committee and were submitted to Audit Committee for review.

2.6 Anti- Corruption and Fraud

The municipality has a Fraud Prevention Plan and Anti-Corruption Policy in place that were adopted by the Council. The municipality is utilising Presidential Fraud Hotline number.

Financial Disciplinary Board is established to investigate alleged financial misconducts.

MPAC and Audit Committee are the oversight committees to investigate irregularities in contravention with MFMA.

Legal advises and handles fraudulent matters and other related financial misconducted.

CoGTA conducted integrity, fraud and anti-corruption workshop on the 24th and 25th January 2023.

The Internal Audit Unit is conducting Fraud Awareness Campaigns within the municipality twice a year.

Fraud Risk Register is in place.

Whistle-blowing policy for protection of the whistle-blowers has been developed and approved by the Council.

Code of Conduct is signed by employees and Councillors.

Conflict of interest is signed by the Audit Committee, IT & Risk Committee, Internal Auditors and contractors when signing Service Level Agreement

Strategies in place for prevention i.e. campaigns etc.

The municipality conducted 2 fraud awareness campaigns during the financial year under review as follows.

- 21st September 2022 and
- 02nd March 2023

2.7 Supply Chain Management

Section 3(1) (b) and (c) of the SCM regulations states that the accounting officer of a municipality must at least annually review the implementation of SCM policy and when necessary, submit proposal for the amendments of the policy to council. The SCM policy was initially developed in 2005 and implemented to give effect to the SCM regulations and it was last reviewed in January 2023. Amahlathi has established an SCM unit which comprises of four officials. The code of conduct, oath of secrecy and declaration forms are signed by all officials involved in supply chain management. The SCM manager has reached prescribed levels as required by the Minimum Competency Regulations Guidelines and the other three officials are still in the process of completing the minimum requirements. In line with Municipal Finance Management Act (MFMA), the accounting officer has also established various bid committees that are consistent with the SCM regulations and any applicable legislation for competitive bidding i.e.

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

Range of procurement processes

STRUCTURE OF APPROVAL		
GOODS/SERVICE VALUE	PROCUREMENT METHOD MINIMUM	APPROVAL AUTHORITY
R0 – R2 000	Petty Cash	Head of Department or Delegated Authority
R2 001 – R5 000	Three Quotes	Head of Department or Delegated Authority
R5 001 – R30 000	Three Quotations	Head of Department or Delegated Official
R30 001-R200 000.00	1 Week Bulletin Notice and Advertisement via Website: Three Quotations	Chief Financial Officer
R200 001 – R2 Million	Competitive Bidding Process	Bid Adjudication Committee
R2 Million – R10 Million	Competitive Bidding Process	Bid Adjudication Committee
Above R10 Million	Competitive Bidding Process	Accounting Officer

2.8 Websites

Documents published on the Municipality's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year -2018 /19)	Yes
The annual report (Year 2018/19) published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2019/20) and resulting scorecards	No
All service delivery agreements (Year 2019/20)	No
All long-term borrowing contracts (Year 2019/20)	Not Applicable
All supply chain management contracts above a prescribed value (give value) for Year 2019/20	No
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 Year 2019/20	No
Contracts agreed in Year 2019/20 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No
Public-private partnership agreements referred to in section 120 made in Year 2019/20	Not Applicable
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2019/20	Yes

2.9 BYLAWS

NO.	LOCAL AUTHORITY NOTICE	GAZETTE NO.
1.	Local Government: Municipal Systems Act (32/2000): Municipality of Amahlathi: Street trading By-Law	1668
2.	Keeping of dogs and other animals By-Law	1668
3.	Neglected buildings and premises By-Law	1668
4.	Prevention of nuisances By-Law	1668
5.	Solid waste disposal By-Law	1668
6.	Use and hire of municipal building By-Law	1668
7.	Public open space By-Law	1668
8.	Advertising signs By-Law	1668
9.	Cemeteries and crematoria By-Law	1668

10.	Ward committees By-Law	1668
11.	Delegation of powers By-Law	1668
12.	Community fire safety By-Law	1668
13.	Standing rules for council By-Law	1668
14.	Credit control By-Law	1668
15.	Indigent support By-Law	1668
16.	Rates policy By-Law	1668
17.	Tariff policy By-Law	4076

The institution has 19 by laws, 17 are promulgated and the two are still in the process of being promulgated.

2.10 Public Satisfaction on Municipal Services

Comments from the public are received through the use of Complaints book in some buildings, and suggestion boxes which are placed at satellite offices. The municipality also procured Customer Care system that is used to logged complaints, faulty meters, high mast lights etc. The logged called are assigned and forwarded to the relevant department and closed on the system when resolved. Reports are submitted on a quarterly basis by user departments.

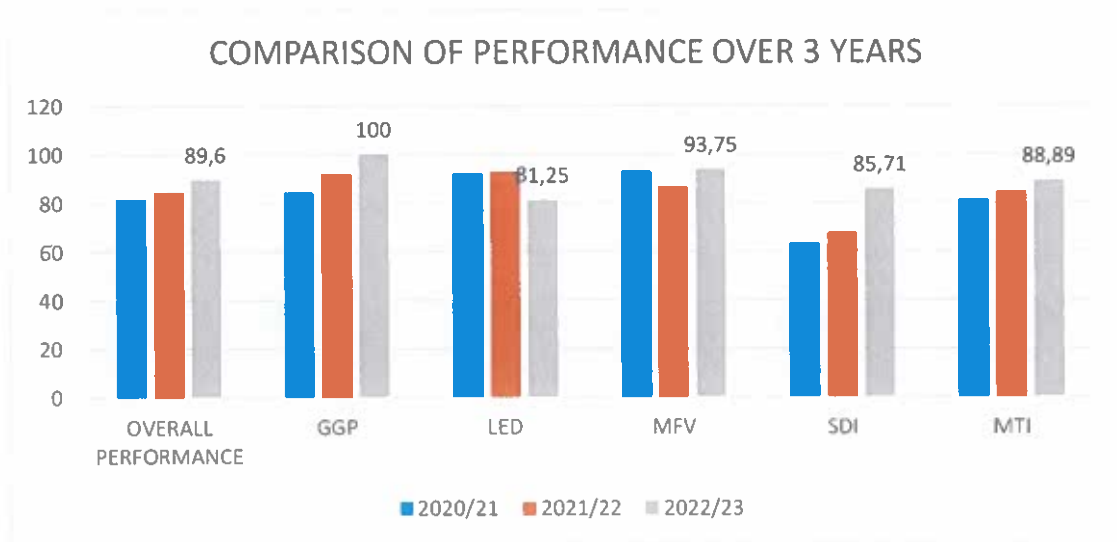
CHAPTER 3: SERVICE DELIVERY PERFORMANCE**3.1 2022/23 PERFORMANCE PER KEY PERFORMANCE AREA**

INSTITUTIONAL PERFORMANCE					
KPA	Total targets	Targets for the period	Met	Not Met	% Annual
SDI	28	28	24	4	85,71
MFV	16	16	15	1	93,75
GGP	19	19	19	0	100,00
LED	16	16	13	3	81,25
MTI	18	18	16	2	88,89
Overall Performance	97	97	87	10	89,69

COMPARISONS OVER THREE FINANCIAL YEARS

KEY PERFORMANCE AREA	2020/21	2021/22	2022/23
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	84.62	92%	100%
LOCAL ECONOMIC DEVELOPMENT	92.31	92,9%	81.25%
MUNICIPAL FINANCIAL VIABILITY	93.33	86.7%	93.75%
SERVICE DELIVERY AND INSTITUTIONAL DEVELOPMENT	63.65	67,9%	85.71%
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	81.48	91,30%	88.89%
OVERALL PERFORMANCE	81.55	84,8%	89.69%

Graphical presentation of Organizational performance



DEPARTMENTAL PERFORMANCE

The percentages depicted on the table below are only calculated according to the targets met and does not quantify any allocation of performance bonuses. The Core Competency Requirements (CCR's) are not included as the municipality is reflecting departmental performance based on service delivery only.

ENGINEERING SERVICES						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	%
SDI	17	0	17	14	3	82,35
MFV	2	0	2	2	0	100,00

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GGP	1	0	1	1	0	100,00
LED	2	0	2	2	0	100,00
MTI	2	0	2	2	0	100,00
Overall Performance	24	0	24	21	3	87,50

COMMUNITY SERVICES						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	%
SDI	9	2	7	7	0	100,00
MFV	5	1	4	4	0	100,00
GGP	2	0	2	2	0	100,00
MTI	2	0	2	2	0	100,00
Overall Performance	18	3	15	15	0	100,00

BUDGET AND TREASURY						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	%
MFV	9	0	9	8	1	88,89
GGP	3	0	3	3	0	100,00
LED	1	0	1	1	0	100,00
MTI	2	0	2	2	0	100,00
Overall Performance	15	0	15	14	1	93,33

EXECUTIVE SERVICES						
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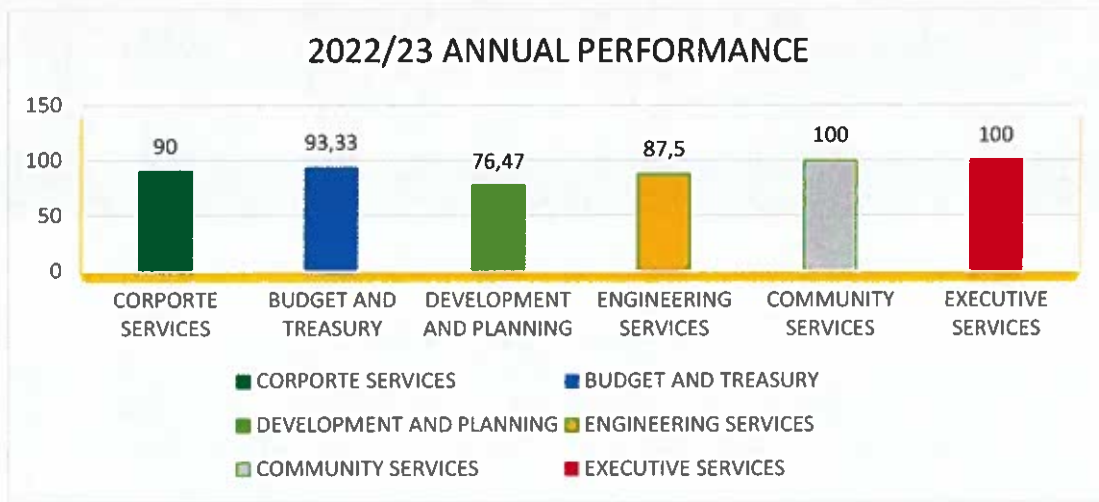
2022/23 ANNUAL REPORT

KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	%
MTI	5	0	5	5	0	100,00
GGP	13	0	13	13	0	100,00
Overall Performance	18	0	18	18	0	100,00

PLANNING AND DEVELOPMENT						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	%
SDI	2	0	2	1	1	50,00
LED	12	0	12	9	3	75,00
MTI	2	0	2	2	0	100,00
GGP	1	0	1	1	0	100,00
Overall Performance	17	0	17	13	4	76,47

CORPORATE SERVICES						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	%
GGP	4	0	4	4	0	100,00
MTI	15	0	15	13	2	86,67
LED	1	0	1	1	0	100,00
Overall Performance	20	0	20	18	2	90,00

Graphical presentation



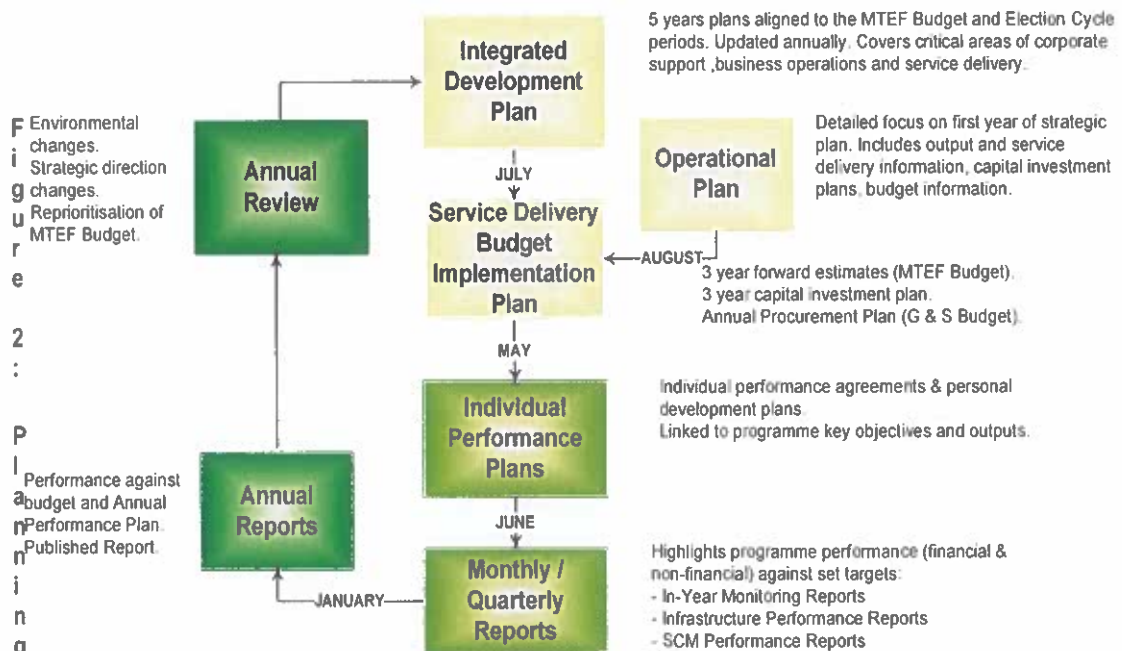
In 2022/23 financial year the performance of Amahlathi Local Municipality reflects a performance rate of 89.69% indicating an increase of 4.89% when compared to 84.8% achieved in 2021/22.

Financial Constraints, Service provider performance, rain, under collection were amongst challenges which could have led to more improvement in institutional performance. The departments should also ensure that the information provided is reviewed by the head of departments to ensure credibility and accuracy.

3.2 INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

In the 2022/2023 financial year, attempts were made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives enshrined in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- The 2022-2027 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000.
- The 2022/2023 budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003.
- After approval of the budget, the SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional strategies. The development of the SDBIP was informed by below planning and reporting cycle in the quest to create a balance between integrated planning, reporting and accountability.



& Reporting Cycle

- Adoption of the 2022/2023 Organizational Performance Management System and score card for monitoring and review of performance.

- Performance agreements with performance plans were developed, signed and approved by the Honorable Mayor as required by the Municipal Performance Regulations, 2006.
- Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager (MM); and
- Quarterly performance reports were objectively and independently audited by the Internal Audit unit to verify and to confirm performance information as reflected in the reports.

3.3 CHALLENGES FACED BY THE MUNICIPALITY

The following challenges were encountered in the period under review:

- Financial constraints affected the municipal performance.
- Lack of Office Space and tools of trade
- Slow revenue collection
- Lack of construction plant.
- Poor Service Provider Performance

3.4 STRATEGY TO OVERCOME THE CHALLENGES AND AREAS OF UNDER PERFORMANCE

- Regular monitoring Revenue Enhancement Strategy Implementation
- Construction or renovation of municipal offices
- Finalization of re-engineering of organizational Structure
- Development of strategies to address high employee cost i.e. grading all job descriptions for both existing and vacant positions etc.
- Allocate budget for purchase of construction plan.

3.5 CHANGES TO PLANNED TARGETS

Section 72 (1)(a)(ii) of the MFMA states that an accounting officer of a municipality, must by 25 January of each year assess the municipality's service delivery performance during the first half of the financial year, and the service delivery targets, and performance indicators set in the SDBIP.

In preparation for the mid-year review of performance, management prepared quarterly reports, measured and analysed performance of the first six months of 2022/23. During the review management reviewed performance for the first and second quarter and also anticipated the last six months of the 2022/23 financial year incognisance of the feasibility to implement certain programmes based on priority and budget availability.

This process culminated to a **mid-year performance report** which highlighted achievements, non-achievements with reasons for non-achievement and corrective measures. The process also emerged with targets having to be amended going into the last six months of the financial year, and these amendments were duly approved by all requisite authorities including Council. The table below depicts the changes made on 2022/23 SDBIP financial year as alluded above.

(a) REGISTER FOR KPIS REMOVED/ AMENDED ON THE 2022/23 SCORECARD AS APPROVED ON THE 28/02/2023.

KPI No	Objective	Strategy	Indicator	Proposed Change	Justification	Custodian
1	To ensure provision of a sustainable road network	Implementation and monitoring of maintenance plan for the Municipal Road Network	No. of Kms of gravel roads maintained (Blading)	Annual target adjusted from 120km to 60km. (7kms – Q1 12.1km – Q2 10km – Q3 30.9km – Q4)	Lack of construction plant and machinery due to breakdowns	Director: Engineering Services
2	within Amahlathi LM by 2023 and beyond	Servicing the Amahlathi Local Municipal Area that was commissioned by ADM in April 2020.	No. of Kms of municipal roads re-gravelled 2	Annual target adjusted from 20km to 6km	Lack of machinery. (Excavator) Lack of construction plant and machinery due to breakdowns	Director: Engineering Services
5	To ensure provision of a sustainable road network within Amahlathi by 2022 and beyond	Development, implementation and monitoring of the Roads Infrastructure Master plan for both tarred and gravel roads	No. of km's of roads constructed (gravelled)	Changed indicator and target measuring unit to percentage instead of numbers. Furthermore, the measurement was changed to be per project. All the construction Indicators and targets were changed as such which led to 28 indicators instead of 21 Indicators as previously planned	Change was as a result of 2021/22 Audit outcomes.	Director: Engineering Services
15	Ensure that solid waste is managed in an	Review and Implement the Integrated Waste Management plan	No. of solid waste programmes implemented by June	Changed the target from number of households and businesses with access to waste	Change was as a result of 2021/22 Audit outcomes.	Director Community Services

	Integrated environmentally friendly and sustainable manner.		2023	collection to number of solid waste programs implemented.		
34	Ensure 90% collection of income due from consumer debtors by 2023	Collect 70% of billed income	% of billed income collected	Reduced target from 80% to 75% of billed income collected	Under collection across all customer categories.	
44	To ensure effective, compliant and credible financial planning, management and reporting by 2027.	Financial Viability as expressed by ratios	% Cost coverage (B+C) +D B represents all available cash at a particular time C represents investments D represents monthly fixed operating expenditure"	Change Quarterly and Annual Target: To change 0.7% Cost coverage ratio to 0.05%	Cash Flow Challenges	CFO
63	To ensure business continuity in the event of a disaster by 2022 and beyond	Coordination of disaster response and recovery	No. of Disaster Management Forums convened	Reduce the number of Disaster forums from quarterly targets from 4 to 1 per quarter and move the KPI from Service Delivery KPA to Good Governance and Public Participation.	Correcting they typo as numbers were not tallying with the annual target which was 4.	Director Community Services
64	To improve implementation of the government intervention programme to	Implementation of the EPWP and municipal job creation programme especially linked to areas of scarce skills and temporal local	No. of jobs created through Community and Youth Development Programmes (CYDP)	Target was increased from 100 jobs created to 200.		Director Corporate Services

	eliminate poverty by 2027	jobs created during the roll out of capital projects				
67	To ensure holistic and economic growth and development by 2027	Support and development of SMMEs around Amahlathi Local Municipality.	% of Amahlathi procurement expenditure should benefit SMMEs	Increase the percentage from 25% to 30% of Amahlathi procurement expenditure should benefit SMMEs		Chief Financial Officer
69			% of business with trading permits	Changed percentage to number, 70% to 20 business with trading permits, 10 Quarter 3 and 10 Quarter 4		Director Planning and Development
72		Finalize the tourism Infrastructure Improvement Process Plan	No of funding proposal for tourism access infrastructure Improvement Plans submitted to suitable funders	Increase the number of funding proposal from 2 to 4		Director Planning and Development
74			No. of trainings conducted for LTOs and CTOs	Increase target from 2 to 3 support interventions for LTOs and CTOs		Director Planning and Development
78	To ensure development of the economic infrastructure required to enable increased economic growth.	Develop a 10 to 20 yr. Economic Growth and Development Strategy	Development Economic Growth Development Strategy submitted to Council for approval by May 2024	Changed development of EGD Strategy to development Situational Analysis on the development of strategy to be submitted to Management Committee	Financial Constraints	Director Planning and Development
79		Establishment of Economic Development Agency	Progress towards Establishment of the draft business case	Revised the target from submitting Establishment of the draft business case development to Council and now to Final Draft Process		Director Planning and Development

			development agencies submitted to Management Committee for Consideration	Plan for the establishment of the development agencies submitted to Executive Committee		
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3.6 PROGRESS REPORT AUDITOR GENERAL'S FINDINGS: PREDETERMINED OBJECTIVES

Refer to attached AG Action Plan in Chapter 6

3.6 FINANCIAL PERFORMANCE INFORMATION - CAPITAL EXPENDITURE 2022/23

Account Description	Funding	Original Budget	2nd Adjustment	YTD Exp (Excl. Vat)
KKH Firestation	MIG Grant	-	168 382,00	146 418,96
Mlungisi Sportfield	MIG Grant	2 500 000,00	1 600 000,00	879 016,92
Lower Kologha Internal Roads	MIG Grant	2 200 000,00	2 000 000,00	658 249,17
Mgwali Internal Roads	MIG Grant	2 000 000,00	2 000 000,00	1 522 521,89
Landfill Site	Waste Grant	-	3 080 171,00	214 349,78
Vehicles	Own Funding	-	1 400 000,00	527 635,00
Computer Equipment (Cameras)	Own Funding	50 000,00	50 000,00	-
Khayelitsha Internal Roads	MIG Grant	1 415 950,00	1 600 000,00	1 384 912,06
Mlungisi Access Roads	MIG Grant	-	300 819,00	261 582,07
Upper Gxulu Internal Roads	MIG Grant	2 000 000,00	1 500 000,00	1 562 861,28
Computer Equipment	Own Funding	100 000,00	570 000,00	542 115,90
Border Post Internal Roads	MIG Grant	1 500 000,00	1 000 000,00	1 030 589,46
Furniture & Office Equipment	Own Funding	50 000,00	150 000,00	13 488,14
IT Capital Spares	Own Funding	150 000,00	150 000,00	-
Buildings	Own Funding	1 000 000,00	1 500 000,00	-
Fencing of Cemeteries	MIG Grant	-	169 975,00	147 804,15
Surfacing of Cathcart Street	MIG Grant	2 485 050,00	6 000 000,00	6 527 027,18
Ngcamngeni Access Roads	MIG Grant	-	93 052,00	80 914,87
Amabele Internal Roads	MIG Grant	-	7 768,00	6 754,52
Electricity Project	Own Funding	1 740 000,00	1 740 000,00	-
Upgrade of Cathcart Substation	Own funds	-	-	216 900,00
Mthwaku Dontsa Access Roads	MIG Grant	3 500 000,00	2 600 000,00	2 095 219,12
Stutterheim Recreation Center	MIG Grant	4 775 000,00	3 000 000,00	4 038 729,56
Mzamomhle Paving	MIG Grant	2 500 000,00	2 618 336,00	2 628 979,59
Toise Internal Roads	MIG Grant	2 000 000,00	2 500 000,00	1 945 229,07
Keiskamahoek Recreation Center	MIG Grant	4 775 000,00	3 000 000,00	3 004 971,62
Buildings	MIG Grant	50 000,00	1 000 000,00	439 570,00

Surfacing of Cathcart Street	Own Funding	5 000 000,00	1 000 000,00	-
Ethembeni Internal Roads	Own Funds	-	-	301 200,08
Paving of Matolaville Streets	MIG Grant	-	542 668,00	-
		39 791 000,00	41 341 171,00	30 177 040,39

3.7

PERFORMANCE OF SERVICE PROVIDERS FOR THE YEAR ENDING 30 JUNE 2023

Project Managers were requested to rate the performance of the Service Providers appointed by Council on the various projects. Service Providers and Contractors are rated in terms of the following:

1. **Below Standard** - The Contractor/Service Provider did not meet the basic requirements as spelt out in the tender or contract. This may result in the contract being cancelled and/or the retention fee being withheld from the contractor. The Contractor may be asked to rectify the problem, or the contract may be cancelled, and another Contractor/Service Provider may be appointed to complete the contract/ project.
2. **Acceptable** - The Contractor/Service Provider completed the project and met the basic requirements of the tender/contract. The standard of work was good enough, passable or adequate in terms of the requirements by the ALM.
3. **Excellent** - The Contractor/Service Provider has completed the work up to the expected standard required. The requirements of the tender were achieved to the expectation of the municipality. There is a high quality of work and outstanding results were achieved.

Below is the performance rating of the municipality's service providers.

Bid No	Name of Service Provider	Project Name	Rating	Comment
ALM/SCM/18/2020-21	Cab Holdings (Pty) Ltd	Provision of Customer Accounts Printing & Distribution Services for a Period of 3 years	Acceptable	Project is proceeding as expected
SCM/32/2019-20	C-Track Mzansi	Provision Of Fleet Management, Vehicle Monitoring & Tracking System for a Period of 3 years	Acceptable	Project is proceeding as expected
ALM/SCM/3-4/2020-21	Revco	Provision of debt collection Services	Acceptable	Project is proceeding as expected
SCM/11/2019-20	First rand bank limited	Banking Services	Acceptable	Project is proceeding well

ALM/SCM04/2021-22	Konstruk SGN (Pty) Ltd	Surfacing Of Cathcart streets	Acceptable	Project is proceeding well
ALM/SCM/01/2021-22	Taleni Godi Kupiso inc	Provision of Legal Services for a period of three (03) years	Acceptable	Project is proceeding well
ALM/SCM/01/2021-22	Mabece Tilane Inc	Provision of Legal Services for a period of three (03) years	Acceptable	Project is proceeding well
ALM/SCM/01/2021-22	Magqabi Seth Zitha Inc	Provision of Legal Services for a period of three (03) years	Acceptable	Project is proceeding well
ALM/SCM/32/2020-21	Delteq Web Services	Maintenance of Website / Hosting of Website	Acceptable	Project is proceeding well but is about to expire
ALM/SCM/05/2021-22	LM Developments	Construction of Mlungisi sports field	Below standard	Contract terminated
ALM/SCM/16/2021-22	Xerox Eastern Cape	Leasing of photocopying machines	Acceptable	Project is proceeding well
ALM/SCM/26/2021-22	Mubesko Afrika	GRAP compliant asset Management systems & the compilation of the GRAP compliant immovable & infrastructure register	Acceptable	Project is proceeding well
ALM/SCM/17/2021-22	Black Mountain Consulting Engineers	Provision of professional Civil Engineering Services for a period of 36 months	Acceptable	Project is proceeding well
ALM/SCM/17/2021-22	Beecon Holdings (Pty) Ltd	Provision of professional Civil Engineering Services for a period of 36 months	Acceptable	Project is proceeding well
ALM/SCM/17/2021-22	Kukho Consulting Engineers	Provision of professional Civil Engineering Services for a period of 36 months	Acceptable	Project is proceeding well
ALM/SCM/28/2021-22	Vodacom	Provision of Cellphones, Tablets & 3G Cards on 24-month period	Acceptable	Project is proceeding well
ALM/SCM/27/2021-22	Ebusha General Trading	Supply & Delivery of cold pre-mix asphalt for a period of 24 months	Acceptable	Project is proceeding well
ALM/SCM/02/2022-23	Andile SG Balintulo Trading	Construction of Gxulu Internal Roads	Acceptable	Project delayed; however, misunderstanding was resolved, and the project is now complete.

ALM/SCM/01/2022-23	Andile SG Balintulo Trading	Construction of Mgwali Internal Roads	Acceptable	Project delayed; however, misunderstanding was resolved, and the project is now complete.
ALM/SCM/11/2022-23	ZKS & Nam General Trading	Rehabilitation of Lower Kologha Road	Acceptable	Project is proceeding well
ALM/SCM/22/2022-23	Mikuwo Construction	Construction of Mthwaku-Dontsa access Road	Acceptable	Project is complete
ALM/SCM/17/2022-23	Nandisiwe Projects & Services (Pty) Ltd	Renovations to new Cathcart satellite Traffic Office	Acceptable	Project is Complete
ALM/SCM/06/2022-23	Dintwa Trading cc	Construction of Toise Internal Streets	Acceptable	Project is complete
ALM/SCM/07/2022-23	Dintwa Trading cc	Construction of Mzamomhle paving	Acceptable	Project is complete
ALM/SCM/29/2022-23	Landis + Gyr (Pty) Ltd	Supply and delivery of electrical metres	Acceptable	Service provider recently awarded
ALM/SCM/08/2022-23	Magidi revenue protection	Supply & Delivery of Electrical Metres for 36 months	Acceptable	Project is proceeding well
ALM/SCM/24/2022-23	MunVat (Pty) Ltd	Proposals (PANEL) of turnaround recovery strategies & Revenue and funding prioritization on a risk basis on Municipal core functions for ALM for a period of 3 years	Below standard	Service provider is not delivering as expected
ALM/SCM/24/2022-23	Datamvle (Pty) Ltd	Proposals (PANEL) of turnaround recovery strategies & Revenue and funding prioritization on a risk basis on Municipal core functions for ALM for a period of 3 years	Below standard	Service provider is not delivering as expected
ALM/SCM/24/2022-23	EMS Solutions (Pty) Ltd	Proposals (PANEL) of turnaround recovery strategies & Revenue and funding prioritization on a risk basis on Municipal core functions for ALM for a period of 3 years	Below standard	Service provider is not delivering as expected
ALM/SCM/24/2022-23	Chartall Creations	Proposals (PANEL) of turnaround recovery strategies & Revenue and funding prioritization on a risk basis on Municipal core functions for ALM for a period of 3 years	Below standard	Service provider is not delivering as expected

ALM/SCM/27/2022-23	Lateral Unison Insurance Brokers	Provision of Insurance service for Municipal Assets for a period of 3 years	Acceptable	Project is proceeding well
ALM/SCM/25/2022-23	Balu Investment JV Naniswa Trading	Construction of Stutterheim Multi-Recreational Centre	Acceptable	Project is proceeding well
ALM/SCM/26/2022-23	Luqambo Agencies (Pty)LTD	Revamp and Renovations of Amahlathi Offices	Acceptable	Project is proceeding well
ALM/SCM/28/2022-23	Vitsha Trading	Construction of Keiskamahok Multi-Recreational Centre	Acceptable	Project is proceeding well
ALM/SCM/30/2022-23	Utilities World (Pty) Ltd	Provision of prepaid vending solution for a period of three (03) years	Acceptable	Project is proceeding well
ALM/SCM/33/2022-23	Metro Computer Services (Pty) Ltd	Supply, Delivery & Installation of Laptops	Acceptable	Project is proceeding well
ALM/SCM/36/2022-23	CCG Systems (Pty) Ltd	Provision of Maintenance, Support, Licensing & upgrade of sage evolution financial system for a period of 3 years	Acceptable	Service provider recently awarded
ALM/SCM/47/2022-23	Black Mountain Consulting Engineers	Panel of three professional Electrical Engineering Services for a period of three years	Acceptable	Service provider recently awarded
ALM/SCM/47/2022-23	Bigen Africa Services (Pty) Ltd	Panel of three professional Electrical Engineering Services for a period of three years	Acceptable	Service provider recently awarded
ALM/SCM/35/2022-23	Riley Auctions Africa t/a Riley Auctioneers	Provision of Auctioneering Services for the Disposal of ALM sites	Acceptable	Service provider recently awarded

3.8 DETAILED 2022/23 PERFORMANCE RESULTS PRESENTED PER KEY PERFORMANCE AREA (KPA)

3.8.1 KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (SDI - 40)

Outcome Response	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
Output 2: Improving access to Basic Services	To ensure provision of a sustainable road network within Amahlathi LM by 2023 and beyond	Implementation and monitoring of maintenance plan for the Municipal Road Network Servicing the Amahlathi Local Municipal Area that was commissioned by ADM in April 2020.	No. of Kms of gravel roads maintained (Blading)	60 kms gravel access and internal roads bladed	Target Met 47.1 Kms of gravelled roads maintained	Target met	60km gravel access and internal roads bladed	Director: Engineering Services	1
			No. of Kms of municipal roads re-gravelled	6 kms of municipal roads re-gravelled	Target not Met 0.8 Kms municipal roads re-graveled.	Target met	9km of municipal roads re-gravelled	Director: Engineering Services	2
			No. of km's of storm water drainage unblocked and maintained	16 kms of storm water drainage unblocked and maintained	Target Met 10.579.2kms of storm water drains unblocked	Target met	27.54km of storm water drainage unblocked and maintained	Director: Engineering Services	3
			% progress towards roads constructed at Mgwali	100% progress towards road construction at Mgwali	Quarterly reports and inspection reports attached. 21.165 Kms gravelled. Target met	Target met	100% progress towards road construction at Mgwali	Director: Engineering Services	4

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO		
			% progress towards roads constructed at Khayelitsha	100% progress towards road construction at Khayelitsha		Target met	100% progress towards road construction at Khayelitsha	Director: Engineering Services	5		
				100% progress towards road construction at Upper Gxulu (gravelled)		Target met	100% progress towards road construction at Upper Gxulu	Director: Engineering Services	6		
				100% progress towards roads constructed at Mthwaku (gravelled)		Target met	100% progress towards road construction at Mthwaku	Director: Engineering Services	7		
			% progress towards roads constructed at Toise (gravelled)	100% progress towards road construction at Toise		100% progress towards road construction at Toise (gravelled)		Target met	100% progress towards road construction at Toise	Director: Engineering Services	8
				100% progress towards road construction at Border Post (gravelled)		100% progress towards roads constructed at Border Post (gravelled)		Target not met	94% progress towards road construction at Border Post. Delays due to rain, plant breakdown and community disruptions. Increased resource	Director: Engineering Services	9

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
							through plant hire to assist progress and extension of time due to rain.		
			% progress towards paving of Cathcart Road by June 2023	100% progress towards paving of Cathcart Road	Target not met. 64% of 1.7 Kms roads paved	Target not met	85% Progress towards paving of Cathcart Road. Poor performance by main contractor & rain delays. The main contractor at Cathcart has ceded works to a contractor with capacity and cash flow	Director: Engineering Services	10
			% progress towards paving of Mzamomhle road by June 2023	100% progress towards paving of Mzamomhle Road		Target not met	100% progress towards paving of Mzamomhle Road	Director: Engineering Services	11
	To ensure sustainable supply of	Reduce electricity system losses &	% of Faulty reported meters repaired per	100% of Faulty reported meters repaired as per	Target Met 88.84 of Faulty reported	Target not met	100% of Faulty reported	Director: Engineering	12

Outcome Response	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	<p>electricity by developing new infrastructure while upgrading and maintaining existing networks</p> <p>To improve security by having reliable Streetlights and Highmast Lights</p> <p>To ensure provision of sustainable public facilities by 2023 and beyond</p>	<p>elimination of illegal connections.</p> <p>Repair and maintenance of Highmast and Streetlights</p> <p>Facilitate maintenance and upgrade of sport, community halls, hawkker stalls, cemeteries and recreational facilities</p>	query form	inspection report	meters repaired as per inspection report		meters repaired as per inspection report	Services	
			No of highmast and streetlights maintained	8 highmast and 20 streetlights maintained	New Indicator	Target met	20 highmast lights and 136 streetlights	Director: Engineering Services	13
			% progress towards construction of Stutterheim Recreation Centre	15% progress towards construction of Stutterheim Recreation Centre	New Indicator	Target met	15% progress towards construction of Stutterheim Recreation Centre	Director: Community Services	14
			% progress towards construction of Keiskammahoe Recreation Centre	15% progress towards construction of Keiskammahoe Recreation Centre	New Indicator	Target met	15% progress towards construction of Keiskammahoe Recreation Centre	Director: Engineering Services	15
			% progress towards renovating the municipal offices	100% progress towards renovating the municipal offices	New Indicator	Target not met	37% Progress towards renovating the municipal offices. Rain delayed renovations and slow	Director: Engineering Services	16

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
							performance by service provider. Extension of time for rain delays and to issue letter of poor performance to the contractor.		
		Compliance with building regulations	% of complying submitted building plans approved	80% of complying submitted building plans approved	Target not met. 75% No HOD to approve applications of building plans and Town planner scrutinize and recommend approval of building plans during 4 th quarter	Target not met	100% of complying submitted building plans approved	Director: Engineering Services	17
	Promotion of Community safety by 2027	Implementation of the Community Safety Plan	No of Community Safety initiatives undertaken	02 Community Safety initiatives undertaken	New Indicator	Target not met	4 Community Safety initiatives undertaken	Director: Community Services	18
	Enhance the provision of fire services by	Implementation of the Integrated Fire	No of awareness campaigns	4 awareness campaigns conducted	6 fire awareness campaigns	Target not met	7 fire awareness campaign	Director: Community Services	19

Outcome Response	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	2027	Management Plan	conducted		were conducted.		conducted		
	To promote the culture of reading and effective use of library resources	Conduct library activities that promote the culture of reading and effective use of library resource	No. of library awareness campaigns conducted	04 library awareness campaigns conducted	6 library awareness campaigns conducted	Target met	11 library awareness campaigns conducted	Director: Community Services	20
	Ensure that solid waste is managed in an integrated environmentally friendly and sustainable manner.	Review and Implement the Integrated Waste Management plan	No. of recycling initiatives undertaken	02 recycling initiatives undertaken.	New Indicator	Target met	02 recycling initiatives undertaken.	Director: Community Services	21
			No. of solid waste programmes implemented by June 2023	2 reports on solid waste programmes implemented by June 2023 (street cleaning, waste collection and disposal)	Target met. 8200 households and businesses with access to basic waste collected (ward 1, 4, 5, 6, 8, 13, 14, 15)	Target met	2 reports on solid waste programmes implemented by June 2023 (street cleaning, waste collection and disposal)	Director: Community Services	22
		Conduct waste management campaigns	No of waste awareness campaigns conducted per cluster	4 waste awareness campaigns conducted	Target met. 4 Waste awareness campaigns conducted 31 August 2021 Xoloka,	Target met	6 Waste awareness campaigns conducted	Director: Community Services	23

Outcome Response	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
					Zamukhanya and at Sikhulule on 24th November 31 March 2022 event held at the ALM Library, held on the 17th of June 2022				
	To promote and ensure safety on municipal and public roads by 2027	Conduct roadblocks	No. of roadblocks conducted	40 roadblocks conducted	Target not Met. 2 Roadblocks conducted in Q1. 4 Roadblocks in Q2 Zero roadblocks conducted in Q3. 9 Roadblocks conducted in Q4. 15 Roadblocks conducted	Target not met	45 roadblocks conducted	Director: Community Services	24
		Implementation of National Road Traffic Act	No. of tickets issued on law enforcement	500 tickets issued on law enforcement	Target not met. 365 Tickets	Target not met	676 Tickets were issued on law	Director: Community Services	25

Outcome Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
		Provision of proper road marking and signage	% of inspected damaged road markings and signs maintained	100% of inspected damaged road markings and signs maintained per inspection report	were issued on law enforcement Target met 100% of inspected damaged road markings and signs maintained per inspection report	Target met	enforcement 100% of inspected damaged road markings and signs maintained per inspection report	Director: Community Services	26
		Finalize and Implement the Spatial Development Framework (SDF)	% implementation of SDF (% applied cumulatively)	100 % Implementation of SDF (year 1)	New Indicator	Target not met	75% Implementation of SDF (year 1) The department was still waiting for response from the service provider regarding gazetting LUMS hence could not achieve the 100%. Target deferred to 1 st quarter	Director Development and Planning	27
	To facilitate access to	To monitor the progress and	No of progress reports on	4 progress reports on	4 progress reports on	Target met	4 progress reports on	Director Developm	28

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Outcome Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 21/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	housing relief	implementation on housing applications submitted to Department of Human Settlements	housing applications submitted to department of housing	housing applications submitted to department of housing	housing applications submitted to department of housing submitted		housing applications submitted to department of housing	ent and Planning	

3.8.2 KPA 2 MUNICIPAL FINANCE VIABILITY (MFV - 15)

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
Output 6: Administrative and Financial Capacity	To continuously ensure an equitable, economical, transparent, fair and value – add supply chain management system/function.	Monitoring and reporting on the performance of service providers	No. of quarterly Service Provider performance reports submitted to the Mayor by the 15th day after the quarter end of the quarter	4 quarterly Service Provider performance reports submitted to the Mayor by the 15th day after end of the quarter	Target met. 4 Quarterly reports were submitted to Mayor as follows. 08/10/2021, 07/01/2022, 11/04/2022, 11 July 2022	Target met	4 quarterly Service Provider performance reports submitted to the Mayor by the 15th day after end of the quarter	Chief Financial Officer	29
		Strict adherence to SCM Regulations	No. of quarterly reports on (tenders awarded, deviations report, contract management report) submitted to the mayor by the 15th day after the quarter end of the quarter	4 quarterly reports on (tenders awarded, deviations report, contract management report) submitted to the mayor by the 15th day after end of the quarter	Target met. 4 Quarterly reports were submitted to Mayor.	Target met	4 quarterly reports on (tenders awarded, deviations report, contract management report) submitted to the mayor by the 15th day after end of the quarter	Chief Financial Officer	30
	To maintain an accurate and complete fixed	Maintain a fixed asset register that	No. of material audit queries raised on the	Zero material audit queries raised on the	Target met. Asset register and audit	Target met	Zero material audit queries raised on the	Chief Financial Officer	31

asset register that is compliant with GRAP by 2023	complies with GRAP	updated asset register by the AG.	updated asset register by the AG.	report attached with zero material audit queries on asset register raise by AG	updated asset register by the AG.	updated asset register by the AG.	
To ensure 100% expenditure of capital budget by 2023	Monitoring and reporting on the spending (MIG/INEP grants)	% expenditure of capital budget	100% expenditure of capital budget applied cumulatively	Target met. 100% expenditure of capital budget	104% expenditure of capital budget (% applied cumulatively)	Director: Engineering Services	32
		% expenditure of electricity repairs and maintenance budget	% expenditure of electricity repairs and maintenance budget applied cumulatively	Target not met. 49.5% expenditure of electricity repairs and maintenance budget	100% expenditure of electricity repairs and maintenance budget (% applied cumulatively)	Director: Engineering Services	33
Ensure 90% collection of income due from consumer debtors by 2023	Collect 70% of billed income	% of billed income collected	75% average of billed income collected	Target met 78.62 % of billed income collected.	72% average of billed income collected due to under collection across all customer categories.	Chief Financial Officer	34
	Implementation of Revenue Enhancement Strategy	% Implementation of Revenue Enhancement Strategy	80% Implementation of Revenue Enhancement Strategy	Target not met. 3 quarterly reports on implementation of revenue enhancement	80% Implementation of Revenue Enhancement Strategy	Chief Financial Officer	35

	To ensure unqualified audit opinion	Adherence to all applicable financial legislation and regulations	No. of Monthly financial reports (Sec 71 and sec 52 reports) submitted to Mayor and Treasury on the 10th working day of each month	12 Monthly financial report submitted to Mayor and Treasury on the 10th working day of each month 4 sec 52 reports within 30 days to Mayor and Treasury)	Target met. 12 Monthly financial reports were submitted to Mayor and Treasury on the 10th working day of each month 4 sec 52 reports within 30 days to Mayor and Treasury)		12 Monthly financial report submitted to Mayor and Treasury on the 10th working day of each month 4 sec 52 reports within 30 days to Mayor and Treasury)	Chief Financial Officer	41
	Preparation and submission of credible and GRAP compliant annual financial statements	Date on which GRAP compliant annual financial statements prepared and submitted to the Auditor-General	GRAP compliant annual financial statements prepared and submitted to the Auditor-General and Treasury (Provincial & National) by 31 August 2022	Target met GRAP Compliant AFS and proof of submission to AG and Treasury (Provincial and National) attached.		GRAP compliant annual financial statements prepared and submitted to the Auditor-General and Treasury (Provincial & National) by 31 August 2022	Chief Financial Officer	42	
To prepare a realistic budget in line with the municipality's objectives and strategies in the IDP based on a three-	Coordinate and develop Amahlatshi municipality's budget in line developmental imperatives in the IDP	2023/2024 budget prepared and submitted to council for approval on by 31st May each year	22023/2024 budget prepared and submitted to council for approval by 31st May 2023	Target met. Final 2022/23 Budget and proof of submission dated 18 May 2022 submitted		22023/2024 budget prepared and submitted to council for approval by 31st May 2023	Chief Financial Officer	43	

3.8.3 KPA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION DETAILED PERFORMANCE (15)

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
Output 5: Deepen democracy through a refined ward committee model.	To deepen democracy through public participation	Implement Public Participation Strategy	Development of Comprehensive Public Participation Strategy	1 x Comprehensive Public Participation Strategy (CPPS) submitted to Council for approval	Target Met 4 Quarterly petition status report signed by Hod, Proof of submission to Council dated: 29 July 2021. 28 October 2021 25th January 2022 27 May 2022	Target met	1 x Comprehensive Public Participation Strategy (CPPS) submitted to Council for approval	Municipal Manager	45
				4 Quarterly reports on the status of petitions received and submitted to Council	Target Met 4 awareness campaign conducted as follows. 14 September 2021 15 December 2021 09th February 2022 at Dutch Reformed Church at Stutterheim 11 April 2022 St Joseph's catholic	Target met	4 Quarterly reports on the status of petitions received and submitted to Council	Municipal Manager	46

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
					church Stutterheim				
		Public Participation Action Plan	% Implementation of Public Participation Action Plan	70% Implementation of Public Participation Action Plan	New Indicator	Target met	100% implementation of Public Participation Action Plan.	Municipal Manager	47
	To implement the satellite model to improve planning and performance management by 2027.	Annual program of action for Satellite offices	% Implementation of Annual Program of Action	70% Implementation of Annual Program of Action	New Indicator	Target met	100% implementation of Satellite model program of action	Municipal Manager	48
	Coordination and integration of Stakeholder engagement by 2023	Strengthening of IGR structures	No. of reports on implementation in IGR resolutions submitted to IGR Forum	4 reports on implementation in IGR resolutions submitted to IGR Forum	2 Broader IGR Meetings were held as follows. 28 September 2021 09 February 2022 22 April 2022 19 May 2022	Target met	4 reports on implementation in IGR resolutions submitted to IGR Forum	Municipal Manager	49
	To ensure a clean administration by 2027	Strengthening systems and mechanisms relating to governance processes, risks management and internal	No. of risk management reports submitted by HODs to Internal Audit in preparation for Risk Committee	4 quarterly risk management reports submitted by HODs to Internal Audit in preparation for Risk Committee	Target met. 4 quarterly risk management report submitted to Risk Committee on the 21 September	Target met	4 quarterly risk management reports submitted by HODs to Internal Audit in preparation for Risk Committee	Municipal Manager	50

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
		controls	Meeting	Meeting	2021 06 December 2021 23 March 2022 30 June 2022		Meeting		
			% implementation of the 2020/2021 risk-based internal audit plan (all scheduled audits implemented)	80% implementation of the 2021/2022 risk-based internal audit plan	Target met. 96.75% implementation of the 2021/2022 risk-based internal audit plan	Target met	88.24% implementation of the 2021/2022 risk-based internal audit plan	Municipal Manager	51
			No. of Anti-corruption and Fraud programmed conducted per annum	2 Anti-corruption and Fraud programmed conducted per annum	Target met. 2 Anti-corruption and Fraud programs conducted. 22 June 2021 31st March 2022	Target met	2 Anti-corruption and Fraud programmed conducted per annum	Municipal Manager	52
			No. of reports submitted to the Audit Committee regarding implementation of AC	4 reports submitted to the Audit Committee regarding implementation of AC	Target Met 4 Reports submitted to AC	Target met	4 reports submitted to the Audit Committee regarding implementation of AC	Municipal Manager	53

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
			resolutions	resolutions			resolutions		
	Ensure effective & efficient resolution of legal matters.	Develop of compliance register and compliance plan	% Implementation of compliance plan	100% Implementation of compliance plan	Target met 100% Implementation of compliance plan.	Target met	100% Implementation of compliance plan	Municipal Manager	54
		Status Reports on Resolution of legal matters	No. of reports on legal matters and their status with financial implications submitted to council	4 reports on legal matters and their status with financial implications and legal opinion	Target met. 4 reports on legal matters and status with financial implications attached	Target met	4 reports on legal matters and their status with financial implications and legal opinion	Municipal Manager	55
	To ensure mainstreaming of special programmes into Amahlathi Municipality programmes by 2027	Development and Implementation of Strategy on Special Programmes	% Implementation of annual special programmes action plan	70% implementation of special programmes action plan	Q1 - 2 programs implemented 1. Information dissemination workshop for women held on the 26th of August 2021 and 2. assisted youth to attend Amatole Boxing Day at Ngqushwa on the 27th of	Target met	100% implementation of special programmes action plan and have 2 adhoc programs implemented in quarter 4	Municipal Manager	56

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
					August 2021. Q2 - GBV awareness conducted on 07/12/2021 Q3 - HIV programme on the 10/02/2022 at Frankfurt Q4 – Youth programme				
	To promote effective communication	Development and Implementation of an effective communication policy	% Implementation of Communications Program of Action	70% implementation of Communications Program of Action	New Indicator	Target met	100% implementation of Communication Program of Action	Municipal Manager	57
	Strengthening Amahlathi ICT systems and networks for future generations by 2027	Improvement of ICT infrastructure for efficiency and data recovery	% information for municipal users backed up	80% information for municipal users backed up	111.25% information for municipal users backed up	Target met	84.67% of information for municipal users backed up	Director Corporate Services	58

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
		Modernize the telephone system for customer care and productivity improvement	Turnaround time to attend to logged faults by users	5 working hours to attend to logged faults users	Target met. An average of 2:04:15 time taken to attend to logged faults	Target met	1:31: working hours to attend to logged faults users		59
	To ensure compliant, effective and efficient customer management by 2027 and beyond.	Implementation and monitoring of controls to ensure security of information and business continuity	% ICT systems implemented with itemized usage and expenditure reports	100% ICT systems implemented with itemized usage and expenditure reports	New Indicator	Target met	100% ICT systems implemented with itemized usage and expenditure reports	Director Corporate Services	60
		Provide ongoing support to users on system related queries	% of reported system related queries resolved	95% of reported system related queries resolved	Target met. 100% of system related queries resolved	Target met	95% of reported system related queries resolved	Chief Financial Officer	61
	To ensure business continuity in the event of a disaster by 2022 and beyond	Implementation and monitoring of controls to ensure security of information and business continuity	Daily backups done on financial system, Payroll and HR system	Daily backups done on financial system, Payroll and HR system	Target met. Daily backups done on financial system, Payroll and HR system	Target met	Daily backups done on financial system, Payroll and HR system	Chief Financial Officer	62

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	To ensure business continuity in the event of a disaster by 2022 and beyond	Coordination of disaster response and recovery	No of Disaster Management Forums convened	04 Disaster Management Forums convened	New Indicator	04	04 Disaster Management Forums convened	Director: Community Services	63

3.8.4 KPA 4: LOCAL ECONOMIC DEVELOPMENT (LED)

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
Output No 3: Implementation of Community Work Programmes	To improve implementation of the government intervention programme to eliminate poverty by 2027.	Implementation of the EPWP and municipal job creation programme especially linked to areas of scarce skills and temporal local jobs created during the roll out of capital projects	No. of jobs created through Community and Youth Development Programmes (CYDP)	200 CYDP participants (Graduates, Interns, Learners and Apprentices)	395 jobs created public works grant	395 jobs created	382 CYDP participants (Graduates, Interns, Learners and Apprentices)	Director: Corporate Services	64
				4 SMMEs subcontracted and progress report reflecting on each subcontractor	Target met.	Target met.	4 SMMEs subcontracted and progress report reflecting on each subcontractor	Director Engineering Services	65

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	To ensure holistic and economic growth and development by 2027	Temporary local jobs created during the roll out Capital Projects Support and development of SMMEs around Amahlathi Local Municipality.	No of Temporary local jobs created	107 Temporary local jobs created	New Indicator	Target met	107 Temporary local jobs created	Director Engineering Services	66
			% of Amahlathi procurement expenditure should benefit SMMEs	30% of Amahlathi procurement expenditure should benefit SMMEs. (Average % of the 4 quarters)"	Target met. 29.9% of Amahlathi procurement expenditure should benefit SMMEs	Target met	55% of Amahlathi procurement expenditure should benefit SMMEs.	Chief Financial Officer	67
			No of SMMEs supported to access government Support Programmes	40 SMMEs supported to access SMME Support Programmes	Target Met 62 SMMEs supported to access the SMME support program.	Target met	111 SMMEs supported to access SMME support program	Director: Development and Planning	68
			Number of businesses issued with trading permits	20 businesses issued with trading permits	Target Met 32 businesses that comply with Municipal business regulations. Comply were issued with permits	Target met	36 businesses issued with trading permits	Director: Development and Planning	69

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
			No. of interventions made on subcontracting of local contractors	3 interventions made on subcontracting of local contractors	Target met. 2 interventions made on subcontracting of local contractors.	Target met	5 subcontracting interventions made with HDA and department of Transport.	Director: Development and Planning	70
			No. of reports on implementation of signed twinning agreements with strategic institutions	4 reports on implementation of signed twinning agreements with strategic institutions	Target met 3 reports on the implementation of signed twinning agreements signed and attached	Target met	4 reports on implementation of signed twinning agreements with strategic institutions	Director: Development and Planning	71
			No. of funding proposal for tourism access infrastructure Improvement Plans submitted to suitable funders	4 Funding proposal for tourism access Infrastructure Improvement Plans submitted to suitable funders	New Indicator	Target not met	3 funding proposal for tourism access infrastructure improvement plans submitted to suitable funders	Director: Development and Planning	72
Promotion of Tourism through identification of Tourist areas		Strengthen relationship with other Strategic Partners	No. of tourist attractions promoted	8 tourist attractions promoted	Target Met 6 tourist attractions promoted. The memorial Ntaba- ka-Ndoda national	Target met	8 tourist attractions promoted	Director: Development and Planning	73

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
					monument (King Ngqika Grave and Chief Jongumsobomvu Maqoma King Sandile's grave and Bethel Church Mission Wrigglewade dam)				
			No. of trainings conducted for LTOs and CTOs	3 support interventions for LTOs and CTOs	Target met. 2 signed reports on the support For LTOs and CTOs	Target met	5 support interventions for LTOs and CTOs	Director: Development and Planning	74
	To Stimulate local economy through Agricultural development by 2022	Provision of capacity building programs to support existing farmers	No. of farmers supported with capacity building	40 farmers to be supported with capacity building	Target Met 95 Farmers trained for the year	Target met	62 farmers trained for the year	Director: Development and Planning	75
	To ensure value-maximization of the forestry natural resource in line with local economic development	% implementation of a forestry strategy in a Co-ordinated manner	Number of support interventions on timber cooperatives	6 support interventions on timber cooperatives	Target met. 50% implementation of the Forestry Strategy	Target met	6 support interventions on timber cooperatives	Director: Development and Planning	76

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	by 2022.								
	To ensure development of the economic infrastructure required to enable increased economic growth.	Source funding for a catalytic project	No. of funding applications submitted	4 funding applications submitted	Target Met 3 Catalytic Projects packaged. 1. Keiskammahoek shopping Complex 2. Stutterheim Master and Precinct Plan 3. Management of Municipality Property's Portfolio	Target met	4 funding applications submitted	Director: Development and Planning	77
		Develop a 10 to 20 yr. Economic Growth and Development Strategy	Development of Economic Growth Development Strategy submitted to Council for approval by May 2024	Developed Situational Analysis towards development of Amahlathi Economic Growth Development Strategy submitted to Management Committee	New Indicator	Target not met	The statistical overview developed and signed by HOD, the municipality relies on Cogta for development of Situation Analysis and target deferred to quarter of 2023/24.	Director: Development and Planning	78

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
		Establishment of Economic Development Agency	Progress towards Establishment of the draft business case development agencies submitted to Management Committee for Consideration	Final Draft Process Plan for the establishment of the development agencies submitted to Executive Committee	New Indicator	Target not met	Draft process plan was submitted to MANCO and will be submitted EXCO during 1st quarter of 2023/24.	Director: Development and Planning	79

3.8.5 KPA 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (MTI - 15)

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
Output 1: Implement and differentiate approach to Municipal Finance, Planning and support.	To attract, retain, build capacity and maximize utilization of Amahliathi Human Capital by 2022 and beyond.	Implementation of the approved organizational structure.	% Implementation of the re-engineering project submitted to Standing Committee	100% Implementation of the Re-Engineered and Council Approved Organogram	4 Reports on the Implementation of process plan on re-engineering project Standing Committee	Target not met	Awaiting for confirmation from Cogta within the month end of July on the submitted Organogram, the target deferred to 1 st quarter of 2023/24	Director: Corporate Services	80
			Developed Digital Transformation strategy and Plan submitted to Council	Developed Digital Transformation strategy and Plan submitted to Council	New Indicator	Target met	Developed Digital Transformation strategy and Plan submitted to Council	Director: Corporate Services	81
Output 1: Implement and differentiate approach to Municipal Finance, Planning and support.	To attract, retain, build capacity and maximize utilization of Amahliathi Human Capital by 2022 and beyond.	Implementation of the approved organizational structure.	No of implemented programmes per Human Resource Strategy implementation plans	4 implemented programmes per Human Resource Strategy implementation plans (Recruitment Plan; Institutional & HR Policies and Employee Verification)	Target met. Attendance register dated 02/09/2021. 30th of November 2021 29th March 2022. the 07 June 2022	Target met	4 implemented programmes per Human Resource Strategy implementation plans (Recruitment Plan; Institutional & HR Policies and Employee Verification)	Director: Corporate Services	82
			Developed Digital Transformation strategy and Plan submitted to Council	Developed Digital Transformation strategy and Plan submitted to Council	New Indicator	Target met	4 implemented programmes per Human Resource Strategy implementation plans (Recruitment Plan; Institutional & HR Policies and Employee Verification)	Director: Corporate Services	82

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
		Strengthening systems and mechanisms relating to governance processes, risks management and internal controls	No. of EAP programmes implemented as per approved plan	4 EAP programmes implemented per approved plan (Cancer awareness, World Aids Day, Sexual health and TB awareness and Candlelight)	Target met 4 EAP Programmes implemented Cancer awareness held at Cathcart satellite office Dated 12 August 2021 01 December 2021 08/03/2022 (Candlelight Memorial) 02 June 2022	Target met	4 EAP programmes implemented per approved plan (Cancer awareness, World Aids Day, Sexual health and TB awareness and Candlelight)	Director: Corporate Services	83
			No. of reports on health and productivity of the municipality	4 Reports on health and productivity of the municipality	Target met. OHS plan reviewed and implemented, 1. Site visits conducted on 12 August 2021, 1 meeting conducted on the 10th December 2021 17th March 2022	Target met	4 Reports on health and productivity of the municipality	Director: Corporate Services	84

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
					2nd June 2022				
		Local Labour Form (LLF) meetings and Labour Relations information sessions held.	No of LLF meetings	4 LLF meetings	Target met. LLF Meetings were held as follows. 12 August 2021 13 September 2021 13 October 2021 26 October 2021, 11 January 2022 12 May 2022	Target met	4 LLF meetings	Director: Corporate Services	85
			No of LR information sessions / training held	4 LR information sessions / training held	New Indicator	Target met	4 LR information sessions / training held	Director: Corporate Services	86
		Implementation of the approved EEP	No. of quarterly reports prepared on compliance with EEP annual targets	4 quarterly reports prepared on compliance with EEP annual targets	Target met. 4 quarterly reports prepared on compliance with EEP targets	Target met	4 quarterly reports prepared on compliance with EEP annual targets	Director: Corporate Services	87

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	To ensure appropriate capacity building interventions by 2022	Develop and implement a blended learning and development programme strategy	No of face-to-face and on-line training interventions organized and implemented for all employees	4 training programs and 1 online training per employee	Target met; 6 Trainings done 06 August 2021 Municipal Financial Viability Training MPAC members. 2 Training conducted on the 11 November 2021 on provincial records management policy training and councilors' induction on the 29 November until 03rd December 2021 2 Training conducted as per reviewed annual planned		13 trainings conducted and 4 online	Director: Corporate Services	88

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	To ensure cost efficient and economical use of council resources commensurate to effective IDP implementation by 2022 and beyond	Strengthening systems and mechanisms relating to governance processes, risks management and internal controls	No. of reports on the implementation of Vehicle Pound and Municipal Mechanical Workshop / Garage	4 Reports on implementation of the Vehicle Pound and Municipal Mechanical Workshop	quarterly (4 February 2022 (Roll out session 23 March 2022/PCIP 1 Policy workshop held 13-15 June 2022; Annual National archives awareness week held 6-10 June 2022 New Indicator	Target not met	EXCO deferred the Draft Business Plan to the MANCO for further discussions which were completed on 22 June 2023. The MM directed that the item be submitted in the July 2023 Council.	Director: Corporate Services	89

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
			No. of reports on implementation of fleet management systems with logistics management, fuel utilization, accidents and maintenance submitted to fleet management committee	4 reports on fleet management systems with logistics management, fuel utilization, accidents and maintenance submitted to fleet management committee	Target met. 4 reports on implementation of fleet and fuel management plan	Target met	4 reports on fleet management systems with logistics management, fuel utilization, accidents and maintenance submitted to fleet management committee	Director: Corporate Services	90
	To ensure compliant and prudent safeguarding and preservation of institutional memory by 2027 and beyond	Establishment of legal frameworks, standards and ethical principles to protect the confidentiality of data.	% implementation of the document management strategy and plan	20% implementation of the document management strategy and plan	New Indicator	Target met	20% implementation of the document management strategy and plan	Director: Corporate Services	91
	To develop and implement effective and	Integrated Planning and Development	No. of reports prepared on implementation with the file plan	4 reports prepared on implementation with the file plan	Target met. 4 reports prepared on implementation with the file plan	Target met	4 reports prepared on implementation with the file plan	Director: Corporate Services	92
			Date on which the 2023/24 IDP is submitted to	2023/24 IDP submitted to Council for approval	Final 2022/23 IDP was submitted to Council on the	Target met	2023/24 IDP submitted to Council for approval	Municipal Manager	93

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
	compliant frameworks to improve planning and performance management by 2022		Council for approval	approved by Council on 31st May 2023	27th of May 2022		approved by Council on 31st May 2023		
		Improve the effective functionality and credulity of the performance management System	No. of days by which the 2023/24 SDBIP is submitted to the mayor for approval	2023/24 SDBIP submitted to the mayor for approval by the 28th day after approval of the budget	Final 2022/23 SDBIP was Submitted to the Mayor 23 June 2022	Target met	2023/24 SDBIP submitted to the mayor for approval by the 28th day after approval of the budget	Municipal Manager	94
			Date on which departmental quarterly reports with evidence files submitted to IDP/PMS Unit	Departmental quarterly reports with evidence files submitted to IDP/PMS Unit within 6 working days of the next month after the end of each Quarter	Target not met, not all departments submitted POE on time	Target met	Departmental quarterly reports with evidence files submitted to IDP/PMS Unit within 6 working days of the next month after the end of each Quarter	All HODs	95
			No. of individual performance reviews coordinated by each HOD (Task grade 12 and upwards)	4 Quarterly individual Performance Reviews coordinated by each HOD (Task grade 12 and upwards)	Target not met. Not all departments conducted reviews for the quarter	Target met	4 Quarterly individual Performance Reviews coordinated by each HOD (Task grade 12 and upwards)	All HODs	96

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2022/23	Annual Actual 2021/22	Annual Actual 2022/23	Comment and Corrective Action	Custodian	KPI NO
			No. of quarterly organizational performance reports submitted to Council	4 quarterly organizational performance reported submitted to Council	Target met. 4 Organizational Performance assessment report. 29 July 2021 28 October 2021 25 January 2022 28 April 2022		4 quarterly organizational performance reported submitted to Council	Municipal Manager	97

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 INTRODUCTION

According to the Amahlathi Local Municipality organisational structure, the Municipality suppose have six (6) section 56 managers who supposed to sign performance agreements and submitted to the Department of Local Government and Traditional Affairs within the required time frames.

All the Director positions have been filled. The Municipal Manager, Chief Financial Officer and Director Development and Town Planning resume their duties on 01 November 2022. Director Engineering Services resume her duties on 01 March 2023 and Director Community Services resume her duties on 01 April 2023. All Senior Manager Positions are filled.

The 6 section 56 managers lead the following departments:

DEPARTMENT	FILLED/NOT FILLED
Municipal Managers Office	Filled
Budget and Treasury Office	Filled
Development and Town Planning	Filled
Engineering Services	Filled
Community Services	Filled
Corporate Services	Filled

Full time staff complement per functional area.

Employees				
Description	Year 20/21	Year 2021/22		Total No Employees
	Employees	2021/2022	Current year 2022/2 3	
	No.			
Corporate Services	21	27	29	29
Development and Planning	19	17	16	16
Engineering Department	81	78	63	63
Community Services	106	100	99	99
Executive Services	37	28	29	29
BTO	27	31	30	30
Totals	291	281	266	266

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

Vacancy Rate: Year 2022/23			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S56 Managers (excluding Finance Posts)	4	0	0%
Senior Manager Levels 17-19	4	1	6.65%
Highly skilled supervision levels 12-16	64	3	24%
Skilled Technical & Academically Qualified Workers, Junior Management 9-11	38	3	14%
Total	112	7	42%

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

TERMINATION REPORT AS AT 30 JUNE 2023

DEPARTMENT	RESIGNED	CONTRACT EXPIRED	RETIREMENT	DISMISSAL	DEATH	MEDICAL BOARD	TOTAL
ENGINEERING	1	0	1	0	1	0	3
CORPORATE SERVICES	0	0	0	0	0	0	0
COMMUNITY SERVICES	1	0	5	2	1	0	9
BUDGET AND TREASURY	0	0	0	0	0	0	0
DEVELOPMENT & TOWN PLANNING	1	0	0	0	0	0	1
EXECUTIVE SERVICES OFFICE	2	0	0	0	0	0	2
TOTAL	5	0	6	2	2	0	15

4.2 MANAGING THE MUNICIPAL WORKFORCE

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%		
1	Code of conduct for councillors	100	June 2022	29 June 2023
2	Council Rules of order	100	June 2022	29 June 2023
3	Delegations of Authority	100		29 June 2023
4	Expanded Public Works Programme Policy	100		29 June 2023
5	Petitions Policy	100	June 2022	29 June 2023
6	Code of conduct for ward committees	100	June 2022	29 June 2023
7	Career Management policy	100	June 2022	29 June 2023
8	Experiential training policy	100	June 2022	29 June 2023
9	Scarce Skills Policy	100	June 2022	29 June 2023
10	Employee study assistance policy	100	June 2022	29 June 2023
11	Training and development policy	100	June 2022	29 June 2023
12	Acting allowance policy	100	June 2022	29 June 2023
13	Bereavement Policy	100	June 2022	29 June 2023
14	Leave Policy	100	June 2022	29 June 2023
15	Policy on policy development	100	June 2022	29 June 2023
16	Fleet management Policy	100	June 2022	29 June 2023
17	Subsistence and Travelling Policy	100	June 2022	29 June 2023
18	Official transport to attend Funerals (Bereavement Policy)	100	June 2022	29 June 2023
19	Job Evaluation review policy	100	June 2022	29 June 2023
20	Occupational health and safety policy	100	June 2022	29 June 2023
21	Overtime and shift allowance policy	100	June 2022	29 June 2023
22	Performance Management and Development	100	June 2022	29 June 2023
23	Recruitment and Selection policy	100	June 2022	29 June 2023
24	Code of conduct for staff members	100	June 2022	29 June 2023
25	Long Service Allowance Policy	100	June 2022	29 June 2023

26	Code of conduct for councillors	100	June 2022	29 June 2023
27	Grievance procedure	100	June 2022	29 June 2023
28	Skills Development policy	100	June 2022	29 June 2023
29	Staff retention policy	100	June 2022	29 June 2023
30.	Telephone usage and cellular allowance phone	100	June 2022	29 June 2023
31.	Records Management Policy	100	June 2022	29 June 2023
32.	Uniforms and Protective Clothing (Health and Safety Policy)	100	June 2022	29 June 2023
32.	Placement Policy	100	June 2022	29 June 2023
33.	Covid 19 Management Policy	100	June 2022	29 June 2023
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

4.3 SICK LEAVE

Number and Cost of Injuries on Duty						
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Leave per employee	Injury per	Total Estimated Cost
	Days	No.	%	Days		R'000
Required basic medical attention only	0	0	0%	0		0
Temporary total disablement	0	0	0%	0		0
Permanent disablement	0	0	0%	0		0
Fatal	0	0	0%	0		0
Total	0	0	0	0		0

T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled /Unskilled (Levels 2-5)	159	25%	11	90	12.2	R45 591.03
Semi-Skilled (Levels 6-11)	173	27%	51	99	51.5	R671 981.33
Highly skilled production (levels 12-19)	296	46%	35	90	38.9	R901 688.96
Interns	1	0.1%	1	7	14.2	R1 100.10
Other (task grade pending)	0	0%	0	0	0	R0.00
MM and S57	4	0.6%	1	6	16.7	R13 636.16
Total	633	98.7%	99	292	133.5	R1 633 997.58

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

T 4.3.2

Number and Period of Suspensions			
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised.
Senior Recruitment and Conditions of Services Clerk	Disclosure of information, negligence		Pending

4.4 CAPACITATING THE MUNICIPAL WORKFORCE - SKILLS DEVELOPMENT AND TRAINING

SKILLS DEVELOPMENT MATRIX

Skills Matrix												
Employees in post as at 30 June Year 2023												
Management Level	Gender	Learnerships			Skills programmes & other short courses			Management & other short courses			No.	
		Actual: End of Year 2023	Actual: End of Year 2023	Year Target	Actual: End of Year 2023	Actual: End of Year 2022	Year Target	Actual: End of Year 2022	Actual: End of Year 2022	Year Target		Actual: End of Year 2022
MM and s56	Female	0	0	0	0	0	0	0	0	3	3	3
	Male						0				2	2
Councillors, senior officials and managers	Female	0	0	0	0	0	0	0	0	6	6	6
	Male	0	0	1	1	0	0	0	0	8	8	8

Technicians and associate professionals*	Female	0	0	0	0	0	0	0	0	4	4	2
	Male	0	0	0	0	0	0	0	0	3	3	3
Professionals	Female	0	0	0	0	0	0	0	0	10	10	10
	Male	0	0	0	0	0	0	0	0	4	4	4
Semi-Skilled and Unskilled	Female	0	0	2	2	0	0	0	0	6	6	6
	Male	0	0	1	1	0	0	0	0	6	6	6
Sub total	Female	0	0	0	2	0	0	0	0	2	0	29

	e										9		
	Male	0	0	2	0	0	0	0	0	0	0	23	23
Total		0	0	2	2	0	0	0	0	0	29	23	52

*Registered with professional Associate Body e.g. CA (SA)

1.5 MANAGING THE WORKFORCE EXPENDITURE

Designation	Wages and benefits 2021/22	Wages and benefits 2022/23
Municipal Manager	R1 421 892	R1 032 837
Corporate Services Manager	R828 808	R1 098 242
Planning and Development Manager	R690 252	R769 102
Engineering Services Manager	R971 174	R386 882
Community Services Manager	R919 079	R381 631
Finance Manager (CFO)	R1 047 804	R1 337 302

EMPLOYEE RELATED COSTS	2021/22	2022/23
Basic	R90 266 762	R92 128 934
Bonus	R7 308 771	8 101 741
Medical aid contributions	R4 692 405	6 011 442
UIF	R581 158	R558 379
Travel, motor car, accommodation, subsistence, and other allowances	R1 402 424	R1 185 885
Overtime payments	R787 713	R1 113 025
Acting allowance	R382 048	R262 962
Travel allowance	R4 985 162	R5 297 221
Housing benefit and allowances	R2 819 450	R2 641 761
Industrial Council Levy	R35 845	35 317
Pension fund contributions by Council	R14 867 498	R15 742 697

REMUNERATION OF COUNCILLORS	2021/22	2022/23
Mayor	R809 156	R885 456
Speaker	R657 583	R780 808
Council Salaries	R6 985 416	R8 452 371
Councilor allowances	R3 080 412	R3 543 680

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 INTRODUCTION

This chapter contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of Table A1
Budget Summary

Description	Year 2022/23										Year -2021/22				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Financial Performance															
Property rates Service charges	23 785	-	23 785	-		23 785	23 331		-2%	98%	98%				22 178
Investment revenue	54 288	2 585	56 872	-		54 688	51 397		-17%	85%	86%				54 477
Transfers recognised - operational	1 040	15	1 055	-		1 055	1 613		35%	153%	155%				269
Other own revenue	130 728	261	130 989	-		130 989	130 054		-1%	99%	99%				121 995
	19 015	3 592	22 607	-		22 607	23 366		3%	103%	123%				15 887
Total Revenue (excluding capital transfers and contributions)	228 855	4 268	233 123	-	-	233 123	225 034								214 806
Employee costs	106 959	3 304	110 264	-		110 264	136 193	25 929	19%	124%	127%	-	-	-	125 340
Remuneration of councillors	11 996	1 505	13 501	-		13 501	13 662	161	1%	101%	114%	-	-	-	11 533
Debt impairment	27 000	-	27 000	-		27 000	29 142	2 142	0%	108%	112%	-	-	-	(7 489)
Depreciation & asset impairment	26 000	-	26 000	-		26 000	23 467	-	-1%	99%	646%	-	-	-	26 055

Finance charges	4 000	500	4 500	-	4 500	10 047	5 547	55%	223%	26%	-	-	2 536
Materials and Bulk	38 338	8 854	47 192	-	47 192	43 368	-	-9%	92%	113%	-	-	43 061
Transfers and grants	-	-	-	-	-	10	-	0%	0%	0%	-	-	-
Other expenditure	41 046	6 871	47 917	-	47 917	39 783	2 442	-20%	83%	16%	-	-	35 251
Total Expenditure	255 339	3 839	276 374	-	276 374	298 062	36 221				15 301		236 287
Surplus/(Deficit) Transfers recognised - capital	(26 484)	460	(43 250)		(43 250)	(73 028)							(21 481)
Contributions recognised - capital & contributed assets	31 701	080	34 781		34 781	255	32	-8%	93%	102%			28 080
Surplus/(Deficit) after capital transfers & contributions	5 217	3 540	(8 469)	-	(8 469)	(40 773)	-						6 599
Loss on disposal of assets													1 215
Fair value gain on biological assets													-
Loss on disposal of biological assets													-
Surplus/(Deficit) for the year	5 217	3 540	(8 469)	-	(8 469)	(40 773)							7 815
Capital expenditure & funds sources													
Capital expenditure	39 791	1 525	41 316	-	41 316								
Transfers recognised - capital	31 701	3 080	34 781		34 781	28 727		-21%	83%	91%			24 772
Public													

recovered

15 in Cash Flow equals Audited
Outcome plus funds recovered

This schedule must be part of the financial statements of the municipality (all other schedules, A2 - A7, should form part of the annexures to the financial statements. These schedules do not directly form part of the audit opinion)

Financial Performance of Operational Services							R' 000
Description	Year -2021/22	Year 2022/23			Year 2022/23 Variance		
	Actual	Original Budget	Adj Budget	Actual	Original Budget	Adj Budget	
Operating Cost							
Electricity	(8 761)	(4 630)	(13 510)	(12 969)	64%	-4%	
Waste Management	(2 236)	2 747	10 087	(608)	552%	1759%	
Housing	18	31	105	40	21%	-164%	
Component A: sub-total	(10 979)	(1 851)	(3 318)	(13 538)			
Roads	(55 094)	(41 878)	(42 899)	(39 500)	-6%	-9%	
Component B: sub-total	(55 094)	(41 878)	(42 899)	(39 500)			
Planning & Development	21 062	22 643	22 339	22 529	-1%	1%	
Component C: sub-total	21 062	22 643	22 339	22 529			
Community & Social Services	(10 633)	(10 467)	(9 783)	(3 755)	-179%	-161%	
Public Safety	1 837	1 694	1 440	1 418	-20%	-2%	
Sport and Recreation	1 994	1 969	2 030	2 201	11%	8%	
	(6 802)	(6 803)	(6 313)	(135)			

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.1.2

Grant Performance							R' 000
Description	Year -2021/22	Year 2022/23			Year 2022/23 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adj Budget (%)	
Operating Transfers and Grants							
National Government:	120 478	128 755	128 755	128 755			
Equitable share	115 504	124 987	124 987	124 987	0%	0%	
FMG Grant	2 100	2 200	2 200	2 200	0%	0%	
EPWP Grant	1 263	1 568	1 568	1 568	0%	0%	
PMU 5%	1 478	-	-	-	0%	0%	
Disaster Relief Grant	134	-	-	-	0%	0%	
Provincial Government:	1 200	1 200	1 200	1 200			
Sports and Recreation	1 200	1 200	1 200	1 200	0%	0%	
District Municipality:	-	-	-	-	-	-	

Other grant providers:	317	773	4 015	554		
Waste Grant	220	-	3 080	554	100%	-456%
Seta Grant	97	773	935	-	0%	0%
Total Operating Transfers and Grants	121 995	130 728	133 970	130 509		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						
<i>Full list of provincial and national grants available from published gazettes.</i>						
						<i>T 5.2.1</i>

Grants Received from Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -2022/23	Actual Grant Year 2022/223	Year 2022/23 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"	-	-	-	N/A	N/A	N/A
Foreign Governments/Development Aid Agencies						
A - "Project 1"	-	-	-	N/A	N/A	N/A
Private Sector / Organisations						
A - "Project 1"	-	-	-	N/A	N/A	N/A
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

5.2. ASSET MANAGEMENT

The Amahlathi Local Municipality believes that an Asset Management Policy is essential to ensure effective and efficient utilization of public monies and accountability thereof is heavily dependent on accurate recording and accounting with the compilation of the Asset Register that is GRAP compliant. The policy is deemed necessary in order to facilitate the effective management, control and maintenance of the assets. The prime objective of the policy is to ensure that the assets of Amahlathi Municipality are properly managed and accounted for by: -

- Ensuring the accurate recording of asset information
- The accurate recording of asset movements
- Exercising strict control over all assets
- Providing correct and meaningful management information
- Affecting adequate insurance of all assets
- Maintenance of Council's Assets

The policy is reviewed and amended by council annually during IDP and Budget process. The last review was done in May 2023.

An asset tracking system using bar-coded discs and scanners is implemented. The system allows for regular audits of all assets to be completed in a shorter time frame and therefore allowing for more regular updates of the register.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2022/23				
Asset 1				
Name	Mzamomhle Paving			
Description	Construction of Mzamomhle Paving			
Asset Type	Road Infrastructure			
Key Staff Involved	2			
Staff Responsibilities	Monitoring, Managing & Reporting on the implementation of the Project			
Asset Value				Year 2022/23 11 559 922,00
Capital Implications				
Future Purpose of Asset	To provide the community with at least a basic level of service			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management Policy			
Asset 2				
Name	Surfacing of Carthcart Streets			
Description	Construction of Carthcart Streets			
Asset Type	Road Infrastructure			
Key Staff Involved	2			
Staff Responsibilities	Monitoring, Managing & Reporting on the implementation of the Project			
Asset Value				Year 2022/23 6 527 027,18

Capital Implications	
Future Purpose of Asset	To provide the community with at least a basic level of service
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy
Asset 3	
Name	Mthwaku Dontsa Access Roads
Description	Construction of Mthwaku Dontsa Access Roads
Asset Type	Roads Infrastructure
Key Staff Involved	2
Staff Responsibilities	Monitoring, Managing & Reporting on the implementation of the Project
Asset Value	Year 2022/23 2 095 219,00
Capital Implications	
Future Purpose of Asset	To provide the community with at least a basic level of service
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy, Roads Maintenance Policy
T 5.3.2	

Repair and Maintenance Expenditure: Year 2022/23				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	6 269	6 849	2 808	-59%
T 5.3.4				

Financial Ratios

FINANCIAL VIABILITY ASSESSMENT			
		As at 30 June 2023	As at 30 June 2022
Expenditure management			
1.1	Creditor-payment period	492 Days	362 Days
Revenue management			
2.1	Debt-collection period (after impairment)	58 Days	57 Days
2.2	Debt-impairment provision as a percentage of accounts receivable	74.8%	70.9%
	· Amount of debt-impairment provision	R 121 116 831,00	R 91 737 790,00
	· Amount of accounts receivable	R40 836 069,00	R37 589 503,00
Asset and liability management			
3.1	A deficit for the year was realised (total expenditure exceeded total revenue)	Yes	No
	· Amount of the surplus / (deficit) for the year	R40 773 363	R5 313 433
3.2	A net current liability position was realised (total current liabilities exceeded total current assets)	Yes	Yes
	· Amount of the net current assets / (liability) position	R131 140 059	R141 601 000
3.3	A net liability position was realised (total liabilities exceeded total assets)	No	No
	· Amount of the net asset / (liability) position	R244 370 676,00	R285 144 038,00
Cash management			
4.1	The year-end bank balance was in overdraft	No	No
	· Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R15 702 466,00	R10 231 906,00
4.2	Cash plus investments less applications	R11 935 494,00	R6 448 398,00
	Amount of total investments (short and long term)	R0,00	R0,00
	Less: Amount of cash applications/commitments	R27 637 960,00	R16 680 304,00
4.3	Cash coverage	0.6	0.5
	Amount of monthly expenditure	R24 838 524,00	R19 523 310,00

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Capital Expenditure - Funding Sources: Year -2020/21 to Year 2021/22							
R' 000							
Details		Year -2021/22	Year 2022/23				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adj to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies	24 964	31 701	34 781	28 727	10%	-9%
	Other	2 229	8 090	6 535	2 804	0%	0%
Total		27 193	39 791	41 316	31 531	10%	-9%
Percentage of finance							
	External loans	-	-	-			
	Public contributions and donations	-	-	-			
	Grants and subsidies	91,8%	79,7%	84,2%	91,1%	106%	114%
	Other	8,2%	20,3%	15,8%	8,9%	0%	0%
Capital expenditure							
	Waste Projects	2 002	-	3 080	214	0%	0%
	MIG Projects	24 772	31 701	31 701	28 361	0%	-11%
	Other	418	8 090	6 535	2 956	-19%	-63%
Total		27 193	39 791	41 316	31 531	-19%	-74%
Percentage of expenditure							
	Electricity	7,4%	0,0%	7,5%	0,7%	0%	0%
	Roads	91,1%	79,7%	76,7%	89,9%	0%	14%
	Other	1,5%	20,3%	15,8%	9,4%	100%	86%

T 5.6.1

COMPONENT C: CASH FLOW STATEMENT

Municipal Infrastructure Grant (MIG)* Expenditure Year 2022/23 on Service backlogs						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adj Budget	
Infrastructure - Road transport	24 601	23 763	19 705	-25%	-21%	
<i>Roads</i>	24 601	23 763	19 705	-25%	-21%	
<i>Road Structures</i>						
Infrastructure - Electricity						
<i>Power Plants</i>						
<i>Capital Spares</i>						
<i>LV Networks</i>						
Infrastructure - Water						
<i>Dams & Reservoirs</i>						
<i>Water purification</i>						
<i>Reticulation</i>						
Infrastructure - Sanitation						
<i>Reticulation</i>						
<i>Sewerage purification</i>						
Infrastructure - Other						
<i>Landfill Sites</i>						
<i>Waste Transfer Stations</i>						
<i>Capital Spares</i>						
Other Specify:	7 100	7 938	8 657	18%	8%	
<i>Sportsfields</i>	2 500	1 600	879	-184%	-82%	
<i>Hawker Stalls</i>	-	-	-	-	-	
<i>Other</i>	4 600	6 338	7 777	41%	19%	
Total	31 701	31 701	28 361			

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

Cash Flow Outcomes				
R'000				
Description	Year -2021/22	Current: Year 2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts	227 930	235 523	234 388	228 275
Ratepayers and other	69 307	72 827	71 431	48 583
Government - operating	121 776	129 955	130 216	130 339
Government - capital	28 300	31 701	31 701	36 401
Interest	8 548	1 040	1 040	12 952
Dividends	-	-	-	-
Payments	(205 590)	(201 539)	(191 434)	(189 900)
Suppliers and employees	(203 054)	(197 539)	(186 934)	(179 852)
Finance charges	(2 536)	(4 000)	(4 500)	(10 047)
Transfers and Grants	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	22 340	33 984	42 954	38 375
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(26 160)	(39 791)	(41 291)	(32 713)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(26 160)	(39 791)	(41 291)	(32 713)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	625	-	-	(191)
NET CASH FROM/(USED) FINANCING ACTIVITIES	625	-	-	(191)
NET INCREASE/ (DECREASE) IN CASH HELD	(3 195)	(5 807)	1 662	5 471
Cash/cash equivalents at the year begin:	13 426	13 426	10 232	10 232
Cash/cash equivalents at the year end:	10 232	7 620	11 894	15 702

Source: MBRR A7

T 5.9.1

Actual Borrowings: Year -2020/21 to Year 2022/23			
R' 000			
Instrument	Year 2020/21	Year 2021/22	Year 2022/23
Municipality			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	-	-	-
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted by Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	-	-	-
T 5.10.2			

Municipal and Entity Investments			
			R' 000
Investment* type	Year 2020/21	Year 2021/22	Year 2022/23
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	12 959	8 509	14 960
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	12 959	8 509	14 960
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	-	-	-
Consolidated total:	12 959	8 509	14 960
			<i>T 5.10.4</i>

5.3 SUPPLY CHAIN MANAGEMENT

Section 3(1) (b) and (c) of the SCM regulations states that the accounting officer of a municipality must at least annually review the implementation of SCM policy and when necessary, submit proposal for the amendments of the policy to council. The SCM policy was initially developed in 2005 and implemented to give effect to the SCM regulations and it was last reviewed in May 2017. Amahlathi has established an SCM unit which comprises of four officials. The code of conduct, oath of secrecy and declaration forms are signed by all officials involved in supply chain management. The SCM manager has reached prescribed levels as required by the Minimum Competency Regulations Guidelines and the other three officials are still in process. In line with Municipal Finance Management Act (MFMA), the accounting officer has also established various bid committees that are consistent with the SCM regulations and any applicable legislation for competitive bidding i.e.

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

5.4 GRAP COMPLIANCE

The municipality is required by legislation to report on its financial affairs using GRAP Reporting Framework. The Annual Financial Statements and Fixed Asset Register have been prepared and submitted using applicable GRAP standards. In the current year, the municipality has not adopted any new standards and interpretations as there are none effective in the current financial year.

CHAPTER 6: AUDITOR GENERAL FINDINGS

6.1. AUDITOR GENERAL OPINION 2022/23

The Amahlathi Local Municipality received a qualified audit opinion in 2022/2023 audit and the following issues were raised.

Property, plant, and equipment

The municipality did not depreciate property, plant, and equipment in accordance with GRAP 17, *Property, plant and equipment*. Useful lives that were inconsistent with the municipality's accounting policy were applied and, in some instances, prior year revisions of useful lives were not considered in the current year depreciation calculation. Consequently, property, plant and equipment disclosed in note 10 to the financial statements and statement of financial position was overstated by R4.3 million and depreciation understated by R4.3 million, respectively. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

General expenses

The municipality did not record invoices in the accounting system when the transactions occurred in accordance with GRAP 1, *Presentation of financial statements*. As a result, general expenses were also recorded in the incorrect financial period. Consequently, general expenses disclosed in note 33 to the financial statements and statement of financial performance were overstated by R6.5 million, and trade payables understated by R6.5 million, respectively. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

AUDIT ACTION PLAN TO ADDRESS 2021/22 FINDINGS

No.	COAF No.	Audit Finding	Nature of the Finding	Action Plan	Progress	Time Frame	Department	Responsible Director	Line Manager	Status
1	COAF 001	1. Planning: Internal Audit control deficiency	During the assessment of the internal audit function, the following internal control deficiencies were identified: 1. External Quality assurance review/assessment was not performed on the internal audit function as required by IIA standard 1312.	1. The internal quality assurance will be performed during the year in preparation for external quality assurance review. 2. To request funds for internal auditor's membership to be paid.		2022/23 FY June	Executive Services	General Manager	T Sijula	No progress
2	COAF 001	1. Planning: Internal Audit control deficiency	2. ... Internal auditor's membership for the IIA has lapsed and is still in the process of being renewed since last year, therefore not all the members are members of relevant professional bodies. In the testing of consequence management, it has been identified that no evidence of investigations has been done in order to recover prior year unauthorised expenditure.			2022/23 FY June	Executive Services	General Manager	T Sijula	No progress
3	COAF 001	2. No investigation is done for prior year unauthorised expenditure		To ensure that where unauthorised expenditure is identified, it is promptly investigated so that it can be		2022/23 FY June	Executive Services	General Manager	N Mbende	No progress

4	COAF 001	4. Planning: Audit committee control deficiency	During assessment of the audit committee, the following was not provided for audit purposes. 1. The audit committee has met separately with the internal audit.	recovered or certified irrecoverable and written off by the council.		2022/23 FY June	Executive Services	General Manager	T Sijula	No progress
5	COAF 001	4. Planning: Audit committee control deficiency	2. The audit committee has ensured that it was involved in the review and approval of the combined assurance plan. 3. The chair of the audit committee provided regular feedback to the accounting officer or other relevant authority charged with oversight of the audit committees performance, findings and related issues.	1. The committee meets separately with the internal audit without management being present at least once a year. 2. The audit committee reviews and approves the combined assurance plan. 3. The chair of the audit committee provides regular feedback to the accounting officer or other relevant authority charged with oversight of the		2022/23 FY June	Executive Services	General Manager	T Sijula	No progress
6	COAF 001	4. Planning: Audit committee control deficiency				2022/23 FY June	Executive Services	General Manager	T Sijula	No progress

7	COAF 001	4. Planning: Audit committee control deficiency	4. The audit committee reviewed and commented on annual reports within stipulated timeframes	4. The audit committee reviews and comments on annual reports within stipulated timeframes	audit committees performance, findings and related issues.		2022/23 FY June	Executive Services	General Manager	T Sijula	No progress
8	COAF 001	5. Purchases and Payroll Business Process: Control Deficiencies	1. There was no evidence certain journals raised were reviewed by the delegated senior employee. 2. There is no evidence that the creditor's reconciliation has been reviewed by the delegated senior employee.	1. Ensure that journals raise are reviewed and signed by manager. 2. Ensure that the creditor's reconciliations are prepared, reviewed and signed by manager.			Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
9	COAF 001	5. Purchases and Payroll Business Process: Control Deficiencies	2. There is no evidence that the creditor's reconciliation has been reviewed by the delegated senior employee. 3. There was no evidence that the monthly reconciliation between creditors' age analysis and the creditors invoice is performed as stated in the business process				Monthly	Budget & Treasury	CFO	B Mashiyi	No progress

10	COAF 001	5. Purchases and Payroll Business Process: Control Deficiencies	4. Certain invoices were not signed as confirmation that the service was rendered, and the payment can be processed.	3. Ensure that invoices when being prepared for payments are signed by responsible recipient as proof of services rendered or goods received.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
11	COAF 001	6. Non-compliance - Payment of invoice not within 30 days	Invoices were not paid within 30 days of receiving the invoice.	1. Invoices will be paid within 30 days provided that the cash flow allows.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
12	COAF 003	1. Use of Consultants Limitation: Non-submission	The municipality has not developed a consultancy reduction plans in order to reduce the reliance on consultants.	To and implement the requirements of the 2019 Municipal Cost Containment Regulations.	2022/23 FY June	Executive Services	General Manager	N Mbende	No progress
13	COAF 003	2. Expenditure: Amounts incorrectly classified as Finance Cost	An amount relating to penalties imposed by SARS are included in finance cost.	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress

14	COAF 003	3. Expenditure: The electricity charged to the Municipality is not consumed by the Municipality and prior year electricity charged to current year	It could not be determined that the electricity charged on the Eskom invoices belonged to the properties owned by the municipality.	Interrogate the invoices provided by Eskom and confirm that the billing relates to the Municipality.	Monthly	Budget & Treasury	CFO	B Mashiya	No progress
15	COAF 003	3. Expenditure: The electricity charged to the Municipality is not consumed by the Municipality and prior year electricity charged to current year	The expenditure recorded relates to prior year consumption of electricity.	Perform year-end procedures to ensure that electricity consumed at the end of prior year is recorded in the prior year.	2022/23 FY June	Budget & Treasury	CFO	B Mashiya	No progress
16	COAF 003	1. Telephone and fax - Not accurate, incorrectly classified and non-occurrence	Items have been incorrectly classified as expenses as opposed to receivables as the Municipality does not have contracts/ accounts with the suppliers.	Ensure that financial and performance reports supported and evidenced by reliable information are prepared and properly classified.	Monthly	Budget & Treasury	CFO	B Mashiya	No progress
17	COAF 003	2. Bulk Purchases - Incorrect classification	Certain transactions have been incorrectly classified under Bulk purchases in the general ledger whereas it is for free basic electricity.	Ensure that financial and performance reports supported and evidenced by reliable information are	Monthly	Budget & Treasury	CFO	B Mashiya	No progress

17	COAF 003	3. Bulk Purchases - Interest on overdue account not recorded in the FWE schedule	It was noted that interest on overdue accounts amounting to R133 231.78 that was charged by Eskom was not recorded under fruitless and wasteful expenditure for 2021/22 financial year.	prepared and properly classified.	Monthly	Budget & Treasury	CFO	S Kambi	No progress
18	COAF 003	5. Expenditure: Errors identified in the recorded expenditure amount	1. The occurrence of the certain expenditure cannot be verified as there is no approved agreement between the municipality and the supplier. 2. The VAT amount calculated is incorrect	Ensure that all transactions are backed up by contracts entered into by the municipality.	Monthly	Budget & Treasury	CFO	S Kambi	No progress
19	COAF 003	5. Expenditure: Errors identified in the recorded expenditure amount	3. The discount applied only applies to domestic/residential properties and the property is agricultural property.	Ensure the VAT calculation is performed accurately and reviewed before being processed.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
20	COAF 003	5. Expenditure: Errors identified in the recorded expenditure amount		Ensure a review of all discounts and other write-offs used are accurately applied to transactions.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress

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21	COAF 003	5. Expenditure: Errors identified in the recorded expenditure amount	4. Travelling was incurred in May & June 2021 and thus relates to prior year.	Perform year- end procedures to ensure proper cut-off of transactions.	2022/23 FY June	Budget & Treasury	CFO	B Mashiyi	No progress
22	COAF 003	1. Revenue billing reports do not agree with the GL accounts	The refuse billing reports do not agree with the GL.	Prepare monthly billing reconciliations that are reviewed and signed by manager.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
23	COAF 004	2. Limitation: Fire levy	For certain properties the category for which the property is used for could not be verified and therefore it could not verify whether the correct tariff has been charged for billing purposes.	Ensure that customer information is clearly categories in the register and in the system and the correct tariffs are billed.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
24	COAF 004	3. Revenue billing reports do not agree with the GL accounts	The sale of electricity billing reports does not agree with the GL.	Prepare monthly billing reconciliations that are reviewed and signed by manager.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
25	COAF 004	4. Interest received debtors	In recalculating the interest on debtor's statement, differences were identified.	Prepare monthly billing reconciliations that are reviewed and signed by manager.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress

26	COAF 004	5. Cut-off: Conditional Grants	Salaries that were paid for the months May 2021 to June 2021 for EPWP staff were recorded in the 2021/22 financial year as July 2021 basic salaries.	Perform year-end procedures to ensure proper cut-off of transactions.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
27	COAF 005	1. SCM - Awards made to providers whose tax matters had not been declared by SARS to be in order	During the testing of bids, it was identified that for certain bids appointment letters were sent to suppliers at the time when the tax status of the supplier was non-compliant according to the CSD compliance history.	Regularly check the tax compliance status of preferred bidders before the awarding is made.	Per Award	Budget & Treasury	CFO	S Kambi	No progress
28	COAF 006	1. CMRPD - Reported targets and achievements are not consistent with planned targets and achievement.	It was noted that the reported targets and achievements of the tested indicators are not consistent with planned targets and achievement	Ensure that the APR is adequately reviewed for consistency with planned documents and ensure that performance information is presented appropriately.	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress

29	COAF 006	2. AOPO-The indicators and its targets are not properly presented and disclosed	It was noted that measures taken to improve performance are not disclosed in the APR for certain indicators.	Set realistic targets for indicators that were not achieved in the current financial year.	Learning and sharing session was held with Mngquma Municipality on the 12th of December and was recommended to review SDBIP during Mid-year to ensure that all construction targets are set in percentage rather numbers.	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress
30	COAF 006	3. AOPO-The target set is not specific	It was noted that certain indicators are not specific about the place/location, of where the work will be performed.	Set specific targets for indicators which clearly identify the specific locations of the work to be done.	Learning and sharing session was held with Mngquma Municipality on the 12th of December and was recommended to ensure that the road maintenance plan is aligned to the target and link it to assessment reports as the trigger for doing maintenance.	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress

31	COAF 006	4. AOPO – Performance Targets set for 2 KPIs are not SMART (KPI 15 & 28)	It was noted that the performance targets set are the same as the indicators for 2 KPIs that are under KPA 1 (Basic service delivery and infrastructure), with no unit measure for the targets to be achieved for each indicator.	Ensure to set performance targets that are SMART as per Section 3.3 of FMPII.	Learning and sharing session was held with Mnquma Municipality on the 12th of December 2022 and was recommended to review SDBIP to ensure that the two targets are set in percentages and review the expected evidence	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress
32	COAF 008	1. Trade Payables - Overstatement	During the testing of trade payables, it was noted that there is a difference between the amounts recorded in the trade payables age analysis and the supplier statements that were submitted for audit.	Prepare monthly creditors reconciliations that are reviewed and signed by manager.		Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
33	COAF 008	2. Retention Creditors - Register not agreeing with the AFS	The Retentions Register does not agree with the annual financial statements.	Ensure that the retentions register is regularly updated with the accurate retention from the invoice and contract. Prepare a reconciliation	The WIP register is currently being updated with the columns to clearly reflect the retention withheld with each transaction.	Monthly	Budget & Treasury	CFO	N Madolo	In progress

34	COAF 011	2. Long term receivables – account long outstanding	<p>The long-term receivables have been presented and disclosed in the financial statements at the same amount and there has been no movement in the account since the 2017 financial year.</p> <p>There are no impairment considerations that have been made by the management on the balance. Furthermore, there is no evidence that the municipality has tried to collect the debt over the years.</p> <p>Therefore the debt is uncollectable as it has been outstanding for a number of years with no movement in the account.</p>	Investigate the long-term receivable and make necessary adjustments and/or write-offs.	between the register and GL that is reviewed and signed by manager.		2022/23 FY June	Budget & Treasury	CFO	B Mashiyi	No progress
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35	COAF 009	1. AOPO-KPI 08- There are no customer query forms	During the testing of KPI 08, it was identified that there are faulty meters included in the report that do not have supporting customer query forms, as a result, we could not confirm the validity and accuracy of the faulty meters reported in the report.	Ensure that the APR/reports are supported by evidenced and reliable information.	Learning and sharing session was held with Mnquma Municipality on the 12th of December 2022 and the need for HODs to review reports and ensure that POE is adequate prior submission to PMS for assessment was highlighted.	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress
36	COAF 009	2. AOPO-KPI 08- Total number of faulty meters included in the POE file and the reports are different	During the testing of KPI 08, it was identified that the total number of faulty meters included in the POE file and the APR report are different.	Ensure that achievement reported in the APR agrees with the close- out reports (POE). Furthermore, the total of reported achievement per quarterly reports should agree with annual achievement reported on the APR.	Learning and sharing session was held with Mnquma Municipality on the 12th of December 2022 and the need for HODs to review reports and ensure that POE is adequate prior submission to PMS for assessment was highlighted.	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress

37	COAF 009	3. AOP0-KPI 08- Limitation of scope on completeness on the faulty meters	During the testing of the faulty meters repaired indicator, it was identified that for certain faulty meters reported and repaired per the customer query forms and register – there was no progress report (a report that shows all reported meters resolved and not yet resolved that is used to prepare APR)	Ensure that the faulty meter report for the quarter is prepared which indicates all the faulty meters repaired for all the customer query forms during the quarter.	Learning and sharing session was held with Mnquma Municipality on the 12th of December 2022 and the need for HODs to review reports and ensure that POE is adequate prior submission to PMS for assessment was highlighted.	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress
38	COAF 009	4. AoPO Reliability testing – KPI 1-4 Completeness testing	During execution of KPI 1-4 indicators, it was identified that the municipality does not have the excel HR Register for employees who perform roadwork's, the roadwork's employees sign informal register, and that physical register is not sequentially numbered, therefore it cannot be a complete source for completeness testing. Therefore, we could not confirm that the kms reported in the APR for KPI 1 - 4 are complete.	Ensure that sufficient appropriate supporting evidence is included in the POE files and improve the review process of the APR to ensure that the reported information is complete and consistent with the supporting documentation.	Learning and sharing session was held with Mnquma Municipality on the 12th of December 2022 and the need for HODs to review reports and ensure that POE is adequate prior submission to PMS for assessment was highlighted.	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress

39	COAF 010	1. CMRPD – Indicators with targets reported as percentages	<p>It was noted that the following targets are not measurable as the percentage of the indicator is not well-defined with measurable output. The auditee merely depends on the percentage stage of completion reported by the engineers as the output with no method of calculation documented or communicated.</p> <p>Furthermore, we could not obtain standard operating procedures (SOPs), technical indicator descriptions (TIDs) and relevant planning documents that details how indicators are defined and the inputs that will be utilised to get to the percentages (i.e. numerator and the denominator) for all the indicators that are reported as percentages.</p>	<p>Prepare proper planning documents which details inputs to achieve the targets and ensure that the output for each indicator is measurable.</p>	<p>Learning and sharing session was held with Mnquma Municipality on the 12th of December 2022 and there were recommendations to review the SDBIP during mid-year to ensure the following:</p> <ol style="list-style-type: none"> 1. Align KPI to the annual target. 2. Unit of measurements to be consistent for KPI, quarterly and annual reporting and review SOPs accordingly • 3. All targets related to construction works to be measured by % 	2022/23 FY June	Executive Services	General Manager	N Mbende	In progress
40	COAF 014	1. Provision of landfill site: Limitations that were identified by the consultant resulted in the	<p>During the audit of the provision for rehabilitation of landfill site it was noted that there are limitations that were highlighted by the consultant.</p>	<p>Review the limitations highlighted by the consultant and develop plans to address</p>		2022/23 FY June	Community Services	Director Community Services		No progress

41	COAF 016	internal control deficiency for the municipality	1. The useful life as disclosed in the Annual Financial Statements is not consistent with the useful lives documented in the Fixed Asset Register (FAR).	Review the FAR regularly to ensure that the EULs are consistent with the Asset Management Policy and the AFS.	The FAR has been updated with the correct EUL and RUL per policy. The depreciation is calculated on a monthly basis and all work is reviewed. The mid-year AFS will be used to ensure that the FAR agrees with the AFS.	2022/23 FY June	Budget & Treasury	CFO	N Madolo	In progress
42	COAF 016	1. Capital Assets: Differences identified in depreciation calculation and estimated useful life for class of transaction not applied	2. Assets differences have been identified in the calculation of depreciation.	Recalculate the depreciation and ensure that the correct methods and estimates are used for depreciation. Reconcile and review monthly depreciation.	The FAR has been updated with the correct EUL and RUL per policy. The depreciation is calculated on a monthly basis and all work is reviewed.	Monthly	Budget & Treasury	CFO	N Madolo	In progress
43	COAF 016	2. Disposal of assets: The loss on disposal of assets presented in the AFS is incorrect	The loss on disposal of assets and liabilities presented in the annual financial statement is incorrect.	Review of the schedules and calculations of items and ensure correct	Monthly asset reports and transactions are prepared which reconcile the GL	Monthly	Budget & Treasury	CFO	N Madolo	Implemented

				posting in the annual financial statement.	and the FAR.					
44	COAF 017	1. Difference between IE Register and the AFS	It was noted that the amount of the irregular expenditure relating to the standardisation of salaries incurred in the current year per the irregular expenditure register does not agree to the amount that is disclosed in the face of the irregular expenditure note in the AFS. Further the IE write off that is disclosed in the AFS does not agree to the amount of the IE write off that is on the Council approved schedules.	Review and reconcile the UIFW registers to the amounts disclosed in the AFS.		2022/23 FY June	Budget & Treasury	CFO	S Kambi	No progress
45	COAF 018	1. Unauthorized Expenditure is not complete	During completeness testing, it was noted that the overspending on operating expenditure was not included on the list of unauthorized expenditure. The totals in the reconciliations of the segmental financial information to the statements per note 48 does not agree to the balances/totals in the face of the financial statements submitted for audit.	Review and reconcile the UIFW registers to the amounts disclosed in the AFS. Ensure proper review of AFS.	This will be prepared at year-end when the overall budget v expenditure will be prepared. The AFS will be presented to CFO and other relevant stakeholders (i.e. IA) commencing with the mid-year AFS to ensure that they are	2022/23 FY June	Budget & Treasury	CFO	N Madolo	No progress
46	COAF 019	1. Segment Reporting – Casting issue		Ensure proper review of AFS.		2022/23 FY June	Budget & Treasury	CFO	N Madolo	In progress

47	COAF 019	2. Restatement journal property rates: Impairment not included	In performing the statement journal for reversal of unknown debtor accounts, management did not process a journal to reverse the impairment that would have been recognised in the prior years in relation to these debtors.	Review journals and the impact thereof on the overall financial reporting.	properly reviewed.	Monthly	Budget & Treasury	CFO	B Mashiyi	No progress
48	COAF 019	3. Contingent Liabilities- Disagreement between AFS, Legal Register and Legal confirmations	During the test of the contingent liabilities, it was noted that there were differences between the legal register, financial statements (Note 38) and the legal confirmations.	Review and reconcile the legal registers and ensure they agree. Ensure the status of the claims and the estimated cost to settle the claims with their attorneys on a regular basis.	This will be prepared at year-end when the 2022/23 legal register will be considered.	2022/23 FY June	Budget & Treasury	CFO	N Madolo	No progress
49	COAF 020	3. Related Parties – Not fairly presented in the AFS	In note 39 of the financial statements, the disclosure does not include close family members as per Grap 20.	Ensure proper review of AFS.	This was adjusted for in the 2021/22 AFS and will be considered with	2022/23 FY June	Budget & Treasury	CFO	N Madolo	Implemented

50	COAF 020	4. Cash and cash equivalents: Cash on hand not supported by cash in the bank	During the audit of cash and cash equivalents it was identified that there in an amount of cash on hand that is not supported with cash in the bank. And when the bank confirmations were received, these amounts were not included by the bank and therefore were not confirmed by the bank.	Investigate the balance sitting on cash on hand and propose the necessary adjustment thereof.	mid-year and annual statements	2022/23 FY June	Budget & Treasury	CFO	B Mashiyi	No progress
51	COAF 020	5. Conditional grants non-compliance: No evidence MIG report was prepared within 2 months after year-end.	Evidence that the municipality had evaluated its performance in respect of programmes funded/ partially funded by the MIG within two months after the end of the financial year could not be obtained as the signed MIG performance report submitted is not dated.	Ensure the MIG performance reports are dated upon signing the reports or accessible evidence of when the evaluations were performed is kept.		2022/23 FY June	Engineering	Director Engineering	B Mguni	No progress
52	COAF 021	3. Contracted services - Overstatement	The expenditure amount of contracted services is incorrectly recorded inclusive of Vat.	Review transactions before and after processing to ensure the correct posting thereof and correct		Monthly	Budget & Treasury	CFO	B Mashiyi	No progress

53	COAF 022	1. Fruitless & Wasteful Expenditure – Non-compliance	The reasons stipulated by council in the investigation report stating that the documents were destroyed in the municipal fire is not adequate for the write off as the supporting documents can be re-created by obtaining them from the affected suppliers therefore fruitless and wasteful expenditure was not adequately investigated to determine if any person is liable for the expenditure.	accounting for VAT.	Ensure that sufficient and adequate investigations are done to support the write offs of fruitless and wasteful expenditure.	2022/23 FY June	Executive Services	General Manager	N Mbende	No progress
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5.2 AUDIT REPORT OF THE AUDITOR GENERAL 2022/23 FINANCIAL YEAR**Report of the auditor-general to Eastern Cape Provincial Legislature and the council of Amahlathi Local Municipality****Report on the audit of the financial statements****Qualified opinion**

4. I have audited the financial statements of the Amahlathi Local Municipality set out on pages 209 as annexure, 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 the 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.
5. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Amahlathi Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 05 of 2022 (DORA).

Basis for qualified opinion**Property, plant and equipment**

6. The municipality did not depreciate property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. Useful lives that were inconsistent with the municipality's accounting policy were applied and, in some instances, prior year revisions of useful lives were not considered in the current year depreciation calculation. Consequently, property, plant and equipment disclosed in note 10 to the financial statements and statement of financial position was overstated by R4.3 million and depreciation understated by R4.3 million, respectively. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

General expenses

7. The municipality did not record invoices in the accounting system when the transactions occurred in accordance with GRAP 1, *Presentation of financial statements*. As a result, general expenses were also recorded in the incorrect financial period. Consequently, general expenses disclosed in note 33 to the financial statements and statement of financial performance were overstated by R6.5 million, and trade payables understated by R6.5 million, respectively. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Context for opinion

8. 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.
9. 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.
10. 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.

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.
12. I draw attention to note 43 to the financial statements, which indicates that the municipality's inability to pay creditors within due dates, negative key financial ratios and net current liability was realised. As stated in note 43, these events or conditions, along with other matters as set forth in note 43, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

14. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material impairments of consumer debtors and receivables from non-exchange transactions

15. As disclosed in notes 4 and 5 to the financial statements, cumulative debt impairments of R73.7 million (2021-22: R57.1 million) and R25.8 million (2021-22: R31.1 million) were made to consumer debtors and receivables from non-exchange transactions respectively.

Material electrical distribution losses

16. As disclosed in note 48 to the financial statements, material electrical distribution losses of R18.2 million (2021-2022: R15.3 million) was incurred, which represents 42.1% (2021-2022: 34.5%) of total electricity purchased. The losses are attributed to normal losses and illegal connections.

Contingent liabilities

17. As disclosed in note 38 to the financial statements, the municipality is the defendant in several lawsuits. The municipality is opposing the claims, and the ultimate outcome of the matters could not be determined.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and DORA and for such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
21. 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

22. 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.
23. 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

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

Development priority	Page numbers	Purpose
Service delivery and infrastructure development	55-63	Provide basic services to all citizens wherever they reside

26. I evaluated 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. 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.
27. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner.
 - there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.
28. I performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion or conclusion.
29. The material findings on the reported performance information for the development priority are as follows.

Service delivery and infrastructure development

KPI 26: % of inspected damaged road markings and signs maintained.

30. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the percentage of inspected damaged road markings and signs maintained, as the indicator was not based on the planned performance and reporting management processes and systems. This was due to lack of established processes in properly defining the units of measure and means of verification of reported information. Consequently, the reported achievement (100% of road markings and signs maintained per inspection report) reported against the target of (100% of road markings and signs maintained per inspection report) might be less than reported.

Various indicators

31. I was unable to obtain sufficient appropriate audit evidence that systems and processes were established to enable measurement and reliable reporting of performance against indicator definitions. This has resulted in the municipality not properly defining the units of measure and means of verification of reported information. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Indicator number	Indicator description	Target	Reported achievement
KPI 9	% progress towards roads constructed at Border Post (gravelled)	100%	94%
KPI 10	% progress towards paving of Cathcart Road by June 2023 (KPI NO. 10)	100%	85%
KPI 14	% progress towards construction of Stutterheim Recreation Centre	15%	15%
KPI 15	% progress towards construction of Keiskammahoek Recreation Centre	15%	15%

Other matters

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

Achievement of planned targets

33. 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.

Material misstatements

34. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for service delivery and infrastructure development. Management did not correct all the misstatements and I reported material findings in this regard.

Report on compliance with legislation

35. 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.

36. 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.

37. 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.

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

Annual financial statements, annual performance report and annual report

39. 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 current assets, current liabilities and disclosures identified by the auditors in the submitted financial statements were subsequently corrected and supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Strategic planning and performance

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

Asset management

41. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Expenditure management

42. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
43. 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.
44. Reasonable steps were not taken to prevent irregular expenditure amounting to R16.7 million as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by standardisation of salaries.
45. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R10.3 million, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
46. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R36.2 million, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Consequence management

47. 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.

Other information in the annual report

48. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
49. 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.
50. 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 priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
51. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

52. 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.
53. 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.
54. The accounting officer did not consistently implement and monitor the required daily and monthly financial disciplines to ensure that transactions were appropriately recorded and reported, as required by the financial accounting framework. Management did not adequately establish an adequate performance management system to ensure that reported performance was appropriately defined and verifiable. Furthermore, inadequate monitoring resulted in reoccurring of non-compliance with legislation.

Material irregularities

55. In accordance with the PAA and the material irregularity (MI) 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.

Status of previously reported material irregularities**Interest paid to Eskom due to late payment of invoices.**

56. The municipality paid interest to Eskom on invoices that were not paid within 30 days. The payments not made within 30 days constitute non-compliance with section 65(2)(e) of the MFMA, which requires the accounting officer to take all reasonable steps to ensure that all money owing by the municipality are paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
57. The non-compliance resulted in a material financial loss of R5 million in the form of interest, which is included as fruitless and wasteful expenditure in note 46 to the financial statements.
58. The accounting officer was notified of the material irregularity on 18 November 2021 and was invited to make a written submission on the actions taken and those that will be taken to address the matter. The accounting officer responded by providing evidence of investigation concluded on 15 December 2021. The investigation concluded that there were insufficient funds to make the payment on time and no persons were identified to be responsible. The investigation further found that there was no breakdown in controls and that the unavailability of funds was the main root cause.
59. The following actions have been taken to respond to the material irregularity:
- The municipality proposed a payment arrangement with Eskom in July 2023 and further applied for debt relief as per circular 124 of the MFMA in August 2023.
 - The municipality has engaged the high court to set aside (as it considered to be invalid), the council decision for standardisation of salaries. The case was set down on 2 November 2023, whereby judgement was reserved. The outcome of this case is expected to significantly improve the municipality's cash flows.

- The municipality has implemented revenue enhancement strategies and cost containment policy to strengthen its financial management controls, where implementation is reviewed monthly by the CFO.
- The council initiated a legal process of recovering some of the capital outlaid in procuring the fleet. The case was dismissed by the court in November 2022 and subsequent to that the municipality lodged an appeal application which was granted in June 2023. The municipality subsequently lodged a notice of appeal in July 2023.

60. The following actions are planned to be taken to respond the material irregularity:

- Follow up with Treasury for approval of the Eskom debt relief incentive application.
- Monthly payments towards Eskom old debt and settling of current invoices whilst awaiting outcome of application.
- Continuous implementation of the financial recovery plan, revenue enhancement strategy and cost containment policy to mitigate its financial crisis.

61. I will follow up on the implementation of the planned actions during the next audit.

Interest and penalties charged by SARS due to late payments.

62. The municipality did not pay employees' tax that was deducted from employees over to the South African Revenue Services (SARS) within seven days after the end of the month during which the amount was deducted. This was in contravention of section 2(1) of the Fourth Schedule of the Income Tax Act and section 210 of Tax Administration Act. The municipality was required to pay penalties to SARS due to non-compliance with the Income Tax Act.

63. The non-compliance resulted in a material financial loss of R3.8 million in the form of interest, which is included as fruitless and wasteful expenditure in note 46 to the financial statements.

64. The accounting officer was notified of the material irregularity on 26 November 2021 and was invited to make a written submission on the actions taken and those that will be taken to address the matter. The accounting officer responded by providing evidence of investigation concluded on 22 January 2022. The investigation concluded that there were insufficient funds to make the payment on time and no persons were identified to be responsible. The investigation also found that there was no breakdown in controls and that the unavailability of funds was the main root cause.

65. The following actions have been taken to respond to the material irregularity:

- The municipality has engaged the high court to set aside (as it considered to be invalid), the council decision for standardisation of salaries. The case was set down on 2 November 2023, whereby judgement was reserved. The outcome of this case is expected to significantly improve the municipality's cash flows.
- The municipality has implemented revenue enhancement strategies and cost containment policy to strengthen its financial management controls, where implementation is reviewed monthly by the CFO.
- The council initiated a legal process of recovering some of the capital outlaid in procuring the fleet. The case was dismissed by the court in November 2022 and subsequent to that the municipality lodged an

appeal application which was granted in June 2023. The municipality subsequently lodged a notice of appeal in July 2023.

66. The following actions are planned to be taken to respond to the material irregularity:

- Continuous implementation of the financial recovery plan, revenue enhancement strategy and cost containment policy to mitigate its financial crisis.

67. I will follow up on the implementation of the planned actions during the next audit.

East London
12 December 2023



**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 development priority and on 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	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)

Legislation	Sections or regulations
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b) Parent municipality with ME: Sections 93B(a), 93B(b) Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)

Legislation	Sections or regulations
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1), 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

2023/24 AUDIT ACTION PLAN

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 001	1 AOPO - Inadequate documentation	1. It has been noted in the Standard Operating Procedures (SOPs) that the municipality planned to measure the achievement of the indicators listed in the table below, on the average percentage achieved on activities or milestones towards project completion. There is, however, no clear indication in the SOPs of the planned activities or milestones to clearly determine how this average progress would be measured. 2. Management has not submitted all progress report and supporting working schedules requested. 3. Management has not provided adequate evidence of having performed verification on the validity of all progress reports submitted.	For the projects whose progress is measured by the consulting engineers, management does not have sufficient details of how the consulting engineers measure the progress on the relevant projects. It appears that validation by management are not performed and not supported. For the in-house project management has not submitted adequate supporting documentation that were used to calculate the % progress reported in the APR. There appears to be inadequate processes to support information reported in the APR.	Management and those charged with governance should ensure that proper systems and processes are in place to support reliable reporting of performance information. It is further recommended that when the monthly progress reports are submitted by the consulting engineers, management should request all the supporting working schedules which shows in detail how each activity % have been computed and further verify the reported progress with the supporting schedules prior to acceptance of the report. In respect of the in-house project, it is recommended that management maintains a system of recording in detail the progress for each activity on site and each activity progress to be supported by pictures. This working document should be submitted together with the progress report for further reviews. Thorough, timely reviews should be conducted to enable early detection, correction and monitoring of performance reporting to avoid recurring findings.	1. Develop TIDs 2. Review of SOP to be aligned with the TID 3. Ensure that appropriate supporting documents are submitted as part of the POEs	Engineering and PMS will meet on the 29th of January 2024 to review the SOPs and develop Technical Indicator Descriptions which will outline the calculation of progress	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 001	2. AOPO - Overall project progress could not be determined	The calculation of the average progress towards completion of the projects could not be determined for KPIs 10, 14 and 15.	<p>For the projects whose progress is measured by the consulting engineers, management does not have sufficient details of how the consulting engineers measure the progress on the relevant projects. It appears that validation by management are not performed and not supported.</p> <p>For the in-house project management has not submitted adequate supporting documentation that were used to calculate the % progress reported in the APR. There appears to be inadequate processes to support information reported in the APR.</p>	<p>Management and those charged with governance should ensure that proper systems and processes are in place to support reliable reporting of performance information.</p> <p>It is further recommended that when the monthly progress reports are submitted by the consulting engineers, management should request all the supporting working schedules which shows in detail how each activity % have been computed and further verify the reported progress with the supporting schedules prior to acceptance of the report.</p> <p>In respect of the in-house project, it is recommended that management maintains a system of recording in detail the progress for each activity on site and each activity progress to be supported by pictures. This working document should be submitted together with the progress report for further reviews.</p> <p>Thorough, timely reviews should be conducted to enable early detection, correction and monitoring of performance reporting to avoid recurring findings.</p>	<ol style="list-style-type: none"> 1. Develop TIDs 2. Review of SOP to be aligned with the TID 3. Identify the numerator and denominator when using averages 	<p>Engineering and PMS will meet on the 29th of January 2024 to review the SOPs and develop Technical Indicator Descriptions which will outline the calculation of progress</p>	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 002	Inadequate frequency of meetings	Risk Committee convened fewer times than recommended per the terms of reference	It was noted that the last meeting for the committee was cancelled due to management commitments, however never rescheduled to a different date, still within the financial year.	Management and those charged with governance should ensure that the risk management committee meets at least once quarterly to ensure regular risk assessments are periodically conducted and monitored.	<ol style="list-style-type: none"> Ensure that the Risk Committee convene per the terms of reference Include Risk Committee meeting in the institutional calendar 	<p>Inclusion of Risk Committee Meetings to institutional calendar.</p> <p>Invitation of Risk Committee member to attend Risk Committee Meetings well ahead of the scheduled date and subsequent email reminders of the</p>	General Manager
COAF 002	External Assessment for internal Audit not conducted	During the assessment of the internal audit function, it was noted that an external quality assurance review/assessment was not performed on the internal audit function as required by IIA standard 1312, and this assessment has not been performed in the past 5 years	The assessments were not done due to capacity constraints. Vacancy of internal audit manager from 01st November 2022.	Management should ensure that an external quality assurance review/assessment of the internal audit unit is performed as required by the Institute of Internal Auditors to ensure compliance with quality requirements.	<ol style="list-style-type: none"> Obtain assistance from Provincial Treasury on the quality assurance review Submit the internal audit reports to the audit committee for review. 	<p>Engagement of Provincial Treasury Transversal audit for support before 29 February 2024 and for performance of QAIP audit before 30</p>	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 002	Non-compliance with the Public Sector Audit Committee Forum regulations	<p>It was noted through the work done on understanding the audit committee that there was no review and approval of the combined assurance plan by the audit committee.</p> <p>Further, we could not obtain evidence from the submitted minutes of the audit committee meetings that the audit committee considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the municipality's finance function as required by the PSACF regulations</p>	<p>No combined assurance plan in place.</p> <p>Review and approval of the combined assurance plan is not included in the audit committee charter as part of the audit committee's responsibilities.</p> <p>Review and approval of the expertise and adequacy of resources of the finance function is not included in the audit committee charter as part of the audit committee's responsibilities.</p>	<p>It is recommended that the audit committee should ensure that there is a combined assurance plan in place adopted by the municipality which should then be reviewed and approved by the audit committee. In addition, combined assurance plan should be included in the audit committee charter so that it is prioritised.</p> <p>The audit committee should further ensure that every year, the audit committee considers and satisfies itself of the appropriateness of the expertise and adequacy of resources of the auditees finance function.</p>	<p>1, Management to develop a Combined Assurance Plan. 2. Revise and amend Audit Committee Charter in order to ensure that the audit committee reviews the combined assurance plan, considers and satisfies itself of the appropriateness of the expertise and adequacy of resources of the auditees finance function on an annual basis</p>	<p>June 2024.</p> <p>Combined assurance framework will be prepared and submitted to Management for consideration, and Audit Committee for review and approval during the policy review period.</p>	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 002	Unauthorised expenditure has not been investigated	There was no evidence of investigations done to determine if any person was liable for the expenditure, in order to recover prior year unauthorised expenditure as required by section 32(2)(a) of the MFMA.	The cause of the issue is lack of implementation of consequence management policy and adherence to requirements of section 32(2)(a) of MFMA.	Management should take reasonable steps to ensure that where unauthorised expenditure is identified, it is promptly investigated so that it can be recovered or certified irrecoverable and written off by the council.	1. To ensure that where unauthorised expenditure is identified, it is promptly investigated so that it can be recovered or certified irrecoverable and written off by the council. 2. Submit UIFW report to MPAC	Training of MPAC members took place during the 2022/23 FY. Investigations into UIFW Expenditure took place during the current financial year.	General Manager
COAF 003	Information Technology Control Environment	1. IT Steering committee only met from the third quarter of the financial year.	Inadequate monitoring over the municipality's IT environment.	It is recommended that: IT Steering committee meets regularly, at least once in a quarter. There is formal access change request documentation being completed for termination of access on all financial / performance information systems. Financial data is backed up on a regular basis according to an established schedule and frequency. IT department is adequately staffed, and all vacancies are filled. Alternative power source is sourced to ensure continued availability of ICT systems. in the event of power outages.	1. Ensure IT Steering committee meets regularly, at least once in a quarter.		

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 003	Information Technology Control Environment	2. There is no formal access change request documentation being completed for termination of access on all financial / performance information systems.	Inadequate monitoring over the municipality's IT environment.	<p>It is recommended that:</p> <p>IT Steering committee meets regularly, at least once in a quarter.</p> <p>There is formal access change request documentation being completed for termination of access on all financial / performance information systems.</p> <p>Financial data is backed up on a regular basis according to an established schedule and frequency.</p> <p>IT department is adequately staffed, and all vacancies are filled.</p> <p>Alternative power source is sourced to ensure continued availability of ICT systems. in the event of power outages.</p>	1. Ensure that there is one document template for all ICT related systems	This finding was resolved with the AG	

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 003	Information Technology Control Environment	3. Financial data is not backed up on a regular basis according to an established schedule and frequency.	Inadequate monitoring over the municipality's IT environment.	<p>It is recommended that:</p> <p>IT Steering committee meets regularly, at least once in a quarter.</p> <p>There is formal access change request documentation being completed for termination of access on all financial / performance information systems.</p> <p>Financial data is backed up on a regular basis according to an established schedule and frequency.</p> <p>IT department is adequately staffed, and all vacancies are filled.</p> <p>Alternative power source is sourced to ensure continued availability of ICT systems. in the event of power outages.</p>	1. Ensure financial data is backed up on a regular basis according to an established schedule and frequency.	This finding was resolved with the AG	

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 003	Information Technology Control Environment	4. IT department is not fully resourced as two of the four available positions reflect as vacant on the organogram (Desktop Technician and WEB & Network Administrator).	Inadequate monitoring over the municipality's IT environment.	<p>It is recommended that:</p> <p>IT Steering committee meets regularly, at least once in a quarter.</p> <p>There is formal access change request documentation being completed for termination of access on all financial / performance information systems.</p> <p>Financial data is backed up on a regular basis according to an established schedule and frequency.</p> <p>IT department is adequately staffed, and all vacancies are filled.</p> <p>Alternative power source is sourced to ensure continued availability of ICT systems. in the event of power outages.</p>	1. Ensure that the IT department is adequately staffed, and all vacancies are filled		

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 003	Information Technology Control Environment	5. No alternative power sources were identified in the event of power outages to ensure continued availability of ICT systems.	Inadequate monitoring over the municipality's IT environment.	<p>It is recommended that: IT Steering committee meets regularly, at least once in a quarter. There is formal access change request documentation being completed for termination of access on all financial / performance information systems. Financial data is backed up on a regular basis according to an established schedule and frequency. IT department is adequately staffed, and all vacancies are filled. Alternative power source is sourced to ensure continued availability of ICT systems. in the event of power outages.</p>	<p>1. Consider the viability of alternative power source is sourced to ensure continued availability of ICT systems. in the event of power outages. 2. Procure UPS</p>		
COAF 004	Payroll and performance management internal control deficiencies identified	The staff establishment was not approved for the 2022/23 financial year. Also, job descriptions were not provided for each post on the staff establishment	The job description process was not completed within the designated timeframe. Management did not review the organogram due to the resolution to refrain from appointment of additional personnel beyond senior managers.	<p>The organogram should be approved on a yearly basis and tabled to council as per legislative requirements and municipality's policies. Job descriptions for each available post should be completed and approved by the municipal manager.</p>	<p>1. The organogram should be reviewed annually and tabled to council as per legislative requirements and municipality's policies. 2. Job descriptions for each available post should be</p>	This finding was resolved with the AG	

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
					completed and approved by the municipal manager.		

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 005	AOPO - Indicators not relevant	1. The Key Performance Indicators (KPIs) noted on the table below are not logically and directly related to the Key Performance Area (KPA) and strategic objective as contained in municipality's Service Delivery and Budget Implementation Plan (SDBIP).	<p>KPI 16 - % progress towards renovating the municipal offices</p> <p>Management has linked municipal offices to provision of service delivery as they are used by municipal officials who render services to the public. However, there is a difference between administrative work done and service delivery from which the public derives a direct benefit.</p> <p>KPI 17 - % of complying submitted building plans approved</p> <p>Management has linked complying building plans approved to service delivery, with the motivation that the public stands to benefit from ensuring that only complying buildings are approved. However, complying building plans do not constitute service delivery.</p>	<p>Management and those charged with governance should ensure thorough review of performance information to ensure that each indicator is linked to a relevant key performance area and strategic objective.</p>	<p>1. Ensure adequate review of the IDP and SDBIP during the mid-year adjustment</p> <p>2. Ensure that KPIs are aligned to the KPAs and Strategic Objectives</p>	<p>The strategies will be reviewed during mid-year review and on the 2024/25 IDP and SDBIP review.</p>	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 005	AOPO - Indicators not relevant	2. The strategy to achieve the strategic objective does not include the nature of the structure measured by the KPI (16)	<p>KPI 16 - % progress towards renovating the municipal offices</p> <p>Management has linked municipal offices to provision of service delivery as they are used by municipal officials who render services to the public. However, there is a difference between administrative work done and service delivery from which the public derives a direct benefit.</p> <p>KPI 17 - % of complying submitted building plans approved</p> <p>Management has linked complying building plans approved to service delivery, with the motivation that the public stands to benefit from ensuring that only complying buildings are approved. However, complying building plans do not constitute service delivery.</p>	<p>Management and those charged with governance should ensure thorough review of performance information to ensure that each indicator is linked to a relevant key performance area and strategic objective.</p>	<ol style="list-style-type: none"> 1. Ensure adequate review of the IDP and SDBIP during the mid-year adjustment 2. Ensure that KPIs are aligned to the KPAs and Strategic Objectives 	<p>The strategies will be reviewed during mid-year review and on the 2024/25 IDP and SDBIP review.</p>	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 005	AOPO - Indicators not relevant	3. Some KPIs could also not be linked to the focus areas, included in chapter 3.1 of the municipality's Integrated Development Plan (IDP) integral to basic service delivery and infrastructure development	<p>KPI 16 - % progress towards renovating the municipal offices</p> <p>Management has linked municipal offices to provision of service delivery as they are used by municipal officials who render services to the public. However, there is a difference between administrative work done and service delivery from which the public derives a direct benefit.</p> <p>KPI 17 - % of complying submitted building plans approved</p> <p>Management has linked complying building plans approved to service delivery, with the motivation that the public stands to benefit from ensuring that only complying buildings are approved. However, complying building plans do not constitute service delivery.</p>	<p>Management and those charged with governance should ensure thorough review of performance information to ensure that each indicator is linked to a relevant key performance area and strategic objective.</p>	<p>1. Ensure adequate review of the IDP and SDBIP during the mid-year adjustment</p> <p>2. Ensure that KPIs are aligned to the KPAs and Strategic Objectives</p>	<p>The strategies will be reviewed during mid-year review and on the 2024/25 IDP and SDBIP review.</p>	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 006	AOPO - Target not SMART	The target for the indicator is stated as 100% of road markings and signs maintained per inspection report. However, it has been noted that management does not maintain or keep any inspection reports. Further per inspection of the pictures taken as evidence of maintenance done, it has been noted that the before and after pictures have the same dates and therefore were taken on the same day as the repairs were done. Consequently, it was noted that the before pictures taken do not serve as evidence of inspections (but rather as proof of work done). We are therefore unable to conclude that 100% of inspected road markings have been repaired as the pictures are taken on the same day as the job is done.	There are deficiencies in process involved in executing the indicator as the officers do not compile written reports of inspections done and submit these to senior officials for approval prior to work being done as detailed in the standard operating procedures.	Management and those charged with governance should ensure thorough review of performance information is done to ensure that the SMART criteria is applied when setting targets for the indicators.	<ol style="list-style-type: none"> 1. Develop TIDs 2. Review of SOP to be aligned with the TID 3. Ensure that if pictures are taken, that it be electronic date stamped 	Initial inspections are conducted on the route to be maintained on road marking and signed off by the Manager - Traffic Services. Business process has also been amended.	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 007	1. Difference between Age Analysis and Trial Balance	The consumer debtors per the Age Analysis do not agree with that per the Trial Balance	Inadequate controls over the preparation and reconciliation of the accounting records.	Management should ensure that the sources of information utilized in the preparation of the annual financial statements are reconciled and reviewed on a regular basis. Any variances identified should be resolved in a timely manner.	<ol style="list-style-type: none"> 1. Perform monthly reconciliations. 2. Review reconciliations and investigate the reasons for differences. 3. Correct differences identified 4, Review of transaction codes 		CFO
COAF 008	None submission	Information requested as part of RFI 43 was not fully submitted	There is no adequate filing system that allows easy access and retrieval of information	A proper filing system should be maintained by the municipality. It is recommended that listings for achievements in the various indicators be kept and properly filed to enable easy access and retrieval of information.	<ol style="list-style-type: none"> 1. A proper filing system should be maintained and record keeping improved. 2. Scanning of documents (Electronic copies) 		CFO
COAF 009	Inadequate documentation to support the performance monitoring of appointed service providers.	1, All Progress Reports were not submitted 2. All supporting evidence of appointed project managers were not submitted	This has resulted in a limitation of scope on assessing performance monitoring of suppliers in terms of the deliverables stipulated in each of the affected contracts.	Management and those charged with governance should ensure that proper systems and processes are in place to support reliable reporting of performance monitoring of suppliers. Copies of monthly progress reports should be submitted to contracts management within the Supply Chain Management.	<ol style="list-style-type: none"> 1. Review SOP for contract management 2. Monthly submission and review of contract evaluation 		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 010	GL vs Payroll Reconciliation	Undefined differences were identified on reconciliation between the Payroll report and GL, refer to the below table for a breakdown of these differences	Inadequate controls over the preparation and reconciliation of the accounting records.	Management should ensure that the sources of information utilized in the preparation of the annual financial statements are reconciled and reviewed on a regular basis. Any variances identified should be resolved in a timely manner.	<p>forms</p> <p>1. Review reconciliations between the payroll report and General Ledger and investigate the reasons for differences on a monthly basis</p> <p>2. Make the relevant corrections, classifications and/or appropriately disclose relevant reconciling items</p>		CFO
COAF 011	Non submission of information	All journals were not submitted by due date	There is no adequate filing system that allows easy access and retrieval of information	A proper filing system should be maintained by the municipality. It is recommended that listings for achievements in the various indicators be kept and properly filed to enable easy access and retrieval of information.	<p>1. A proper filing system should be maintained and record keeping improved.</p> <p>2. Scanning of documents (Electronic copies)</p>		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 012	Revenue on the sale of electricity can not be reliably measured	<p>It has been noted that the meter readings, as per the meter reading book, used in determining the sale of electricity on the KVA meters are the same for each month of the current year under audit.</p> <p>On enquiry of the matter from the Municipality it was confirmed that these meters are faulty and readings cannot be performed and as a result the consumption used for determining the amount of electricity to be charged to the KVA meter customers is the last consumption taken before the KVA meters became faulty. This method is not inline with the municipality's accounting policy and management has not assessed the impact of applying an estimate to determine whether significant adjustments are not required to reverse excessive estimates at</p>	<p>This has been caused by lack of timely action by management to repair the faulty KVA meters so that correct meter reading are used to charge electricity.</p>	<p>Management should ensure that timely action is taken to repair or replace faulty meters to ensure that the correct consumption is used in billing and recognition of sale of electricity.</p>	<p>1. Report on faulty meters identified to Engineering. 2. Ensure that all faulty meters are replaced and consumption estimates are according to the accounting policy</p>	<p>The faulty meters are currently being replaced. A service provider has been appointed to supply meters and the installation is done in house.</p>	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
		<p>year end as well as to align billing to consumption.</p> <p>We are therefore unable to determine whether the amount recognised as service charges for the population affected can be reliably measured.</p>					

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 013	General Expenditure recognised on payment basis	Management has recognised expenditure on the payment basis for Municipal Services, Fuel and Oil, Insurance, Subscriptions and Membership fees, Telephone and taxes	<p>Electricity – Eskom, Fuel and Telephone The debit orders as reflected in the bank statements are used to capture the expense items in the general ledger, resulting in cash basis of accounting being applied to recognise these transactions.</p> <p>Electricity – ADM The municipality struggles obtaining statements from ADM as such have opted to debtors age analysis as a source to record transactions in the general ledger. Insurance and Subscriptions The expenditure items were recognised in full upon receiving the invoice.</p>	<p>Transactions should be recorded in the general ledger when they have actually occurred, that is when the services have been rendered or/and goods have been received. It is recommended that monthly invoices and/or statements from suppliers be used to record the expense in the general ledger With respect to ADM electricity, water and sanitation, it is recommended that management and those charged with governance intervene and ensure statements from ADM are received monthly. The billings for each month as reflected in the statements should be the expense recorded in the general ledger Management should exercise oversight over application of the accrual basis in recognising expenses in the general ledger by reviewing the transactions processed and confirming that transactions are recorded when they occur as opposed to when they are paid. Further, it is recommended that management reviews the controls that are currently in place for fuel and oil. The authorisation forms and receipt in respect of each use of a car and its petrol card should be filed separately, to enable effective monitoring of use of municipal assets.</p>	<p>1. Ensure transactions are captured in the correct period. 2. Perform year-end procedures to ensure proper cut-off of transactions. 3. Create SOP on debit orders</p>		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 014	Limitation on refuse removal	On testing the accuracy of services charges on refuse removal, supporting documentation was requested to substantiate the bins used to calculate the refuse removal revenue for business properties. The verification list submitted was deemed not to be accurate or complete	The cause of the finding is that bins used to determine refuse removal are not accurately verified to ensure that the correct number of bins is used in the calculation refuse removal.	Recommendation is that management should conduct accurate verification of refuse removal bins to ensure that the correct number of bins are used in determining the refuse removal revenue.	Management should conduct annual verification of refuse removal bins to ensure that the correct number of bins are used in determining the refuse removal revenue.		CFO
COAF 015	SARS interest recorded inaccurately	Interest recorded for two months was in relation to the total amount payable and not only interest charged.	There has been inadequate review of transactions recorded in the general ledger by senior supervisors, resulting in errors made not being detected.	Management should ensure that there are adequate reviews of transactions captured in the general ledger.	<ol style="list-style-type: none"> 1. Ensure that SARS are paid on time. 2. In instances when SARS were not paid on time, please ensure that the interest and penalties are accurately accounted for. 3. Print SARS statements on a monthly basis 		CFO
COAF 016	Non submission of information	All journals information requested was not submitted by due date	There is no adequate filing system that allows easy access and retrieval of information.	A proper filing system should be maintained by the municipality. It is recommended that listings for achievements in the various indicators be kept and properly filed to enable easy	<ol style="list-style-type: none"> 1. A proper filing system should be maintained and record keeping 		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 017	Difference between GL and Billing Report	Differences were identified between the Billing report and General Ledger in respect of electricity.	The cause of the finding is due to a duplicating of adjustments recorded in the GL and also the inclusion of expenditure for Vending Management fees included on revenue.	Management should ensure that the proper reviews are conducted for all adjustments made to the billing report. Management should further put measures to insure only items that relate to the sale of electricity are recorded on the ledger account for the sale of electricity	improved. 2. Scanning of documents (Electronic copies) Prepare monthly billing reconciliations that are reviewed and signed by manager.	This finding was resolved with the AG	CFO
COAF 018	1. The narration for Note 22 - Property Rates is not accurate	Differences were identified between the Valuation roll and Property rates disclosure per note 22.	The cause of the finding is that the reconciliation between the narration presented on the annual financial statement and the 2020 General Valuation roll are not performed.	Recommendation is for management to ensure that reconciliation between the narration presented on the annual financial statement and the 2020 General Valuation roll are not performed to ensure accuracy of the notes presented on the annual financial statement.	1. Perform valuation roll reconciliations 2. Perform reconciliation to the disclosure note		CFO
COAF 018	2. Difference between GL and Billing Report	Differences were identified between the Billing report and General Ledger.	The cause of the finding is due to unaccounted for journal passed on for property rates.	Management should ensure that the proper reviews are conducted for all adjustments made to the billing report.	Prepare monthly billing reconciliations that are reviewed and signed by manager.	Recons to be done and reviewed monthly effective January 2024.	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 019	Licences and permits revenue is not complete	It has been identified that not all transactions have been recorded accurately (completeness in wording of the finding)	The cause of the finding is inadequate controls in the transfer of transactions from eNatis system to the accounting system which results in errors	A recommendation is for management to put adequate controls in the transfer of transactions from the eNatis system to the accounting system to ensure that all transactions that occurred are recorded on the accounting system	Prepare monthly eNatis (agency fees, Licences and permits) reconciliations that are reviewed and signed by manager.	This finding was resolved with the AG	CFO
COAF 020	Leave Accrual	Differences were identified when performing a recalculation of the leave accrual balance	The finding is due to system error which resulted in errors in leave balances and incorrect formulas to calculate the leave accrual.	Management should ensure that system is regularly maintained to prevent errors. Further measures should be implemented by managers so as to timely identify any system errors to reduce the extent of errors.	1. Prepare quarterly leave accrual reconciliations to the General Ledger 2. Conduct leave audits		CFO
COAF 021	1. Cathcart Waste Landfill and Transfer Station findings and impacts reported	The Amahlathi Local Municipality's waste management and disposal activities sometimes contravene or failed to comply with the requirements of section 28 (1) (Duty of Care) of the NEMA, section 19 (Prevention and remedying effects of pollution) of the NWA, 1998 (Act No. 36 of 1998. Requirements within the NEMWA, sections 16(1) (c) where waste must	Poor site management and design.	(1) Amahlathi Local Municipality needs a NEW application for a Closure License in order for the activity (closure and rehabilitation) to be undertaken. Paragraph 13.1 of the license conditions refers; (2) The Transfer Station, already licensed in 2011, whereas operations did not commence within the stipulated timeframe of two years, has lapsed and a new licensing process needs to be followed (new license obtained); Paragraph 14.4 of the License Conditions refers; (3) The serious challenges and discrepancies at the Cathcart Waste Landfill Site and Transfer Station needs to	1. Source funding for advertising - Conduct basic assessment towards closure of Cathcart waste disposal site. 2. Commence operation of Transfer station. 3. Closure and rehabilitation of	1. Consultant fees sourced internally and advert prepared 2. Sessions are ongoing with recyclers in Cathcart on recycling requirements , skip bins being repaired at MD	Ms A Noholoza

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
		be disposed of, ensure that the waste is treated and disposed of in an environmentally sound manner & (d) manage the waste in such a manner that it does not endanger health or the environment or cause a nuisance through noise, odor or visual impacts, are not always adhered to. The NEMWA, section 26(1)(a) prohibits disposing waste, or knowingly, or negligently causing or permitting waste to be disposed in or on land, water body unless disposal of that waste is authorized and (b) disposing of waste in a manner that is likely to harm the environment or harm to the health or well-being		be address and continually monitored to ascertain compliance to all legislative conditions. The municipality should ensure that their landfill sites and transfers are properly manage, maintained and always comply with the license conditions and other legislative requirements. Management should develop a combined plan or strategy to identify, address and monitor all general- and control weaknesses relating to environmental activities that may impact on the environment, public and AFS. The budget should be adequately funded to address the environmental resource constraints and priorities listed in the IDP, SDBIP and other environmental related plans at provincial-, district-, and local authority level. This should also include improve safeguarding of assets.	the Cathcart waste disposal site	Engineers for temporal storage of waste ... Training to be conducted by DEDEAT on 20th February 2024. 3. Closure and rehabilitation of the waste site	
COAF 022	Prior period error misstatements	1. The prior period errors disclosed in the statement of financial performance and statement of financial position that have a direct impact on the statement of cash flows from operations	There has been inadequate review of the note disclosure which resulted in the errors and omissions that were made during preparation of AFS not being detected.	It is recommended that adequate reviews of the note disclosure be done by management and those charged with governance to ensure compliance of disclosure with GRAP requirements.	1. Adequate time for the review of Annual Financial Statements compliance with		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 022	Prior period error misstatements	have not been included correctly	There has been inadequate review of the note disclosure which resulted in the errors and omissions that were made during preparation of AFS not being detected.	It is recommended that adequate reviews of the note disclosure be done by management and those charged with governance to ensure compliance of disclosure with GRAP requirements.	Legislation should be included in the AFS Development Plan. 2. Adherence to the AFS Development Plan 3. Submission of AFS to Internal Audit for review. 1. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan. 2. Adherence to the AFS Development Plan 3. Submission		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 022	Prior period error misstatements	3. There has been a correction of prior period error of R32 915 that resulted in long term receivables having a restated opening balance of R32 915. However, the restated opening balance in the account could not be traced to the face of the statement of financial position. Further, there is no line item that relates to long term receivables in the face of the statement of financial position. As such the comparative figure has not been restated as required by paragraph 44 of GRAP 3.	There has been inadequate review of the note disclosure which resulted in the errors and omissions that were made during preparation of AFS not being detected.	It is recommended that adequate reviews of the note disclosure be done by management and those charged with governance to ensure compliance of disclosure with GRAP requirements.	1. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan. 2. Adherence to the AFS Development Plan 3. Submission of AFS to Internal Audit for review.		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 023	Cash on hand not supported by Bank Confirmation	During the audit of cash and cash equivalents it was identified that there in an amount of cash on hand that is not supported with cash in the bank. And when the bank confirmations were received, these amounts were not included by the bank and therefore were not confirmed by the bank. This issue was raised in the prior year audit cycle and management committed to reclassify to this cash on hand to other debtors.	The management has applied the definition of the cash and cash equivalents incorrectly.	Management should ensure that the amounts that are disclosed in cash and cash equivalents meet the definition of cash and cash equivalents as per GRAP 2.	<ol style="list-style-type: none"> 1. Ensure that line items are correctly classified. 2. Clear all bank suspense accounts. 3. Ensure Bank reconciliation are timesously completed and supported. 4. Ensure that Cash on hand are supported. 5. Engage system vendor on the month end processes in order to minimise transactions 		CFO
COAF 024	Casual workers were paid more than approved wages	EPWP workers was paid at a rate in excess of the EPWP rate	The cause of the finding is due to lack of reviews on the payments made to EPWP casual workers to prevent errors in the payment of wages.	Management should ensure that payments made to EPWP wages are reviewed prior to processing the payments so as to ensure that the casual workers are paid for the correct number of hours worked and thus reducing any errors in the salaries paid to the casual workers.	<ol style="list-style-type: none"> 1. Ensure that EPWP workers are paid in terms of the rate 2. Ensure that the EPWP expenditure items are reconciled and 	This finding was resolved with the AG	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 025	AOPO - Listings do not agree with APR	1. Actual performance for KPI has not been provided	An omission was made in preparation of the annual report and there has been lack of adequate review of the APR to enable detection and correction of such omissions	It is recommended that proper and adequate reviews of the APR together with the supporting evidence files should be conducted by management and those charged with governance. Further, reconciliations between listings and the APR be done by management and any differences noted be properly followed up on and addressed accordingly.	1. Quarterly reviews of the APR together with the supporting evidence files should be conducted	Quarterly reviews are conducted by all HODs, IDP/PMS and Internal Audit prior submitting to Council Structures. Review of PMS policy to consider changes of submission date by department to allow sufficient time of review of information.	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 025	AOPO - Listings do not agree with APR	2. Differences between APR and listings have been noted	the manual listings were initially not kept, thus no reconciliation was done between the listings and APR. Further, there has been lack of adequate reviews over reporting made in the APR and ensuring this is in line with the evidence file.	It is recommended that proper and adequate reviews of the APR together with the supporting evidence files should be conducted by management and those charged with governance. Further, reconciliations between listings and the APR be done by management and any differences noted be properly followed up on and addressed accordingly.	1. Quarterly reviews of the APR together with the supporting evidence files should be conducted	Quarterly reviews are conducted by all HODs, IDP/PMS and Internal Audit prior submitting to Council Structures. Review of PMS policy to consider changes of submission date by department to allow sufficient time of review of information.	General Manager
COAF 026	VAT: Fair presentation of Annual Financial Statements	The disclosure per note 49 was incorrect	Inadequate AFS reviews and lack of review of compliance with legislation. The same information from prior year AFS was carried over without validation checks.	Management should perform a thorough review of the financial to ensure that they are prepared in a manner consistent with the requirements of the applicable financial reporting standards, laws and regulations.	1. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 027	Consumer debtors: Impairment error	Classification differences were identified on reconciliation of the trial balance with the financial statements.	Inadequate controls over the review and reconciliation between the accounting records and financial statements.	Management should perform a thorough review of the financial statements before they are released to the users to ensure that they are prepared in a manner consistent with the requirements of the applicable financial reporting standards, laws and regulations.	Development Plan. 2. Adherence to the AFS Development Plan 3. Submission of AFS to Internal Audit for review. 1. Review of the impairment calculation and reconciliations		CFO
COAF 028	Incorrect classification of VAT	During our assessment of VAT Receivable, it was identified that the municipality is registered for VAT in terms of the payment basis however does not appropriately apply the GRAP classification criteria applicable to vendors on payment basis. The current classification results in the overstatement of the VAT	The cause of the finding is inadequate AFS reviews.	Management should ensure that VAT is accounted for in terms of the classification requirements applicable to vendors reporting on the payment basis.	1. Clear up monthly VAT reconciliations. 2. Provide a breakdown of the VAT receivable. 3. Ensure compliance with GRAP 108.		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 029	Inappropriate application of GRAP 25-Employee benefits classification	Receivable line item and understatement of the VAT input and VAT output accruals. 1. Note 16- Employee benefit obligations, states that "defined benefit plans consist of post-retirement medical aid and long service bonus". However, only the post-retirement medical aid meets the definition of benefit plans.	The cause of the finding is inadequate AFS reviews.	Recommendation is that management should put measures in place to ensure that proper processes are in place for the preparation of Annual Financial Statement by applying relevant standard as per GRAP requirements.	1. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan. 2. Adherence to the AFS Development Plan 3. Submission of AFS to Internal Audit for review.		CFO
COAF 029	Inappropriate application of GRAP 25-Employee benefits classification	2. As part of Note 24- Employee related costs disclosure, leave accrual and post-employment medical aid were incorrectly included in the	The cause of the finding is inadequate AFS reviews.	Recommendation is that management should put measures in place to ensure that proper processes are in place for the preparation of Annual Financial Statement by applying relevant standard as per GRAP requirements.	1. Adequate time for the review of Annual Financial Statements		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 030	Non-submission of information	line item "defined contribution plans", even though not meeting the definition of defined contribution plans. Not all bill of quantities information for projects transferred to infrastructure assets was submitted by the due date.	There is no adequate filing system that allows easy access and retrieval of information.	A proper filing system that allows easy retrieval of information should be maintained by the municipality.	compliance with Legislation should be included in the AFS Development Plan. 2. Adherence to the AFS Development Plan 3. Submission of AFS to Internal Audit for review. 1. A proper filing system should be maintained and record keeping improved. 2. Review SOP for assets: Ensure that the unbundling process is included.		General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 031	Incorrect disclosure of Consumer debtors past due but not impaired	During our assessment of Consumer debtors' presentation and disclosure requirements, it was identified that the ageing amount that is 1 month past due and not provided for impairment and one that is impaired and provided for does not agree with the amount per the ageing analysis/impairment listing that was used to audit the impairment.	Inadequate review and reconciliation of the information presented in the financial statements.	Management should perform a thorough review of the financial statements before they are released to the users to ensure that they are prepared in a manner consistent with the requirements of the applicable financial reporting standards, laws and regulations and the best practice.	1. Review and cross reference related note disclosures 2. Perform reconciliation of consumer debtors accounts		CFO
COAF 032	Incorrect treatment of long-term receivables written off	During testing performed on Consumer debtors, it was identified that long-term receivables were written off due to lack of supporting documentation available to corroborate the debt. The contracts in respect of this debt were lost as a result of an office fire that occurred in October 2018. Payments are however still being recovered from the customers on monthly basis. Once the payment is	The cause is that management does not want to reflect a receivable balance in respect of this debt as the contracts are not available to support the debt. This was further caused by inadequate information backup and recovery policies.	Management should ensure that regular information backup is carried out and recovery policies are in place and working effectively.	Review the transactions relating to receipts of long term debt previously written-off as Recoveries of previously written off debt.		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
		made by the customer for this respective debt, the municipality raises a receivable which offsets the payment rather than reducing the original debt.					
COAF 033	1. VAT returns not submitted and paid on time	The monthly VAT returns were not submitted and paid on or before the 31st day of the month following the month in which a VAT period ends or on or before the last proceeding business day of the month.	Lack of knowledge surrounding the correct application of principles stipulated within the VAT Act as well as lack of prioritization of payments due to financial constraints.	Management should ensure that returns are submitted and reviewed by a predetermined date to ensure that compliance with the submission deadlines are consistently met.	Ensure that VAT returns are submitted and paid on time		CFO
COAF 033	2. Incorrect recognition of input VAT on retentions	Input VAT was recognized on retention values withheld by suppliers which is in contravention of section 9(3)(b)(ii) of the VAT Act, which allows for the recognition of input VAT at the earlier of the time that the retention payment is invoiced; or is	Lack of knowledge surrounding the correct application of principles stipulated within the VAT Act as well as lack of prioritization of payments due to financial constraints.	Management should ensure that returns are submitted and reviewed by a predetermined date to ensure that compliance with the submission deadlines are consistently met.	Ensure that VAT on retentions are correctly accounted for.		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 034	Segment Reporting - Differences between the segment reporting note and the face of the AFS	received. As these amounts have neither been invoiced nor paid, recognition is not appropriate. Differences were noted on the amounts presented in the segment information disclosure - Note 49 and balances/totals in the face of the financial statements submitted for audit.	This is due to lack of adequate review of segment reporting.	Management should ensure adequate review of segmental reporting in the annual financial statements is adequately done to ensure that segment information is accurately reconciled to the amounts in the face of the financial statements.	1. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan. 2. Adherence to the AFS Development Plan 3. Submission of AFS to Internal Audit for review.		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 035	1. Financial Instruments- Incorrect inclusion of statutory receivables and unspent grants in financial instruments	1. It has been noted that statutory debtors, which is specifically excluded from the application of GRAP 104, is included as Financial Instruments	The cause is due to incorrect interpretation of the complex financial instruments requirements.	Management should ensure adequate reviews of financial instruments in the annual financial statements.	1. Review GRAP 108 and ensure that Statutory receivables are correctly disclosed in the financial statements (Statement of financial position and notes) 2. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan. 3. Adherence to the AFS Development Plan 4. Submission of AFS to Internal Audit	GRAP 108 reviewed and training scheduled	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 035	1. Financial Instruments- Incorrect inclusion of statutory receivables and unspent grants in financial instruments	1. It is noted that unspent grant, which does not satisfy the definition of financial liability, is included as financial statement	The cause is due to incorrect interpretation of the complex financial instruments requirements.	Management should ensure adequate reviews of financial instruments in the annual financial statements.	1. Review GRAP 104 and ensure that the correct classification of Unspent Conditional Grants and ensure correct disclosure in the financial statements (Statement of financial position and notes) 2. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the	GRAP 104 reviewed and training scheduled	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 035	2. Risk Management - Inadequate disclosure in the note	1. The analysis of the age of financial assets for both the financial assets that are impaired and those that are not impaired has not been prepared for identified financial assets.	The cause is due to incorrect interpretation of the complex financial instruments requirements.	Management should ensure adequate reviews of financial instruments in the annual financial statements.	AFS Development Plan. 3. Adherence to the AFS Development Plan 4. Submission of AFS to Internal Audit for review.	GRAP 104 reviewed and training scheduled	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 035	2. Risk Management - Inadequate disclosure in the note	2. There is no quantitative summary of the municipality's exposure to liquidity risk as it pertains to financial instruments.	The cause is due to incorrect interpretation of the complex financial instruments requirements.	Management should ensure adequate reviews of financial instruments in the annual financial statements.	should be included in the AFS Development Plan. 3. Adherence to the AFS Development Plan 4. Submission of AFS to Internal Audit for review. 1. Review GRAP 104 and ensure that completeness of notes presentation and disclosure. 2. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development	GRAP 104 reviewed and training scheduled	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 035	2. Risk Management - Inadequate disclosure in the note	3. In terms of liquidity risk, the maturity analysis that shows the remaining contractual maturities has not been disclosed	The cause is due to incorrect interpretation of the complex financial instruments requirements.	Management should ensure adequate reviews of financial instruments in the annual financial statements.	<p>Plan.</p> <p>3. Adherence to the AFS Development Plan</p> <p>4. Submission of AFS to Internal Audit for review.</p> <p>1. Review GRAP 104 and ensure that completeness of notes presentation and disclosure.</p> <p>2. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan.</p> <p>3. Adherence to the AFS Development</p>	GRAP 104 reviewed and training scheduled	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 035	2. Risk Management - Inadequate disclosure in the note	4. A description of how the municipality manages the liquidity risk inherent in financial instruments has not been disclosed	The cause is due to incorrect interpretation of the complex financial instruments requirements.	Management should ensure adequate reviews of financial instruments in the annual financial statements.	<p>Plan</p> <p>4. Submission of AFS to Internal Audit for review.</p> <p>1. Review GRAP 104 and ensure that completeness of notes presentation and disclosure. 2. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan. 3. Adherence to the AFS Development Plan 4. Submission of AFS to Internal Audit</p>	GRAP 104 reviewed and training scheduled	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan for review.	Progress	Responsible Director
COAF 036	Incomplete disclosure note	<p>It has been noted from disclosure note 10: Property, plant and equipment that there has been no disclosure made of carrying value of work in progress (WIP) projects that are taking significantly longer to complete than expected and/or have been halted in the current or prior period(s) and the reasons thereof.</p> <p>However, per inspection of the WIP register, it has been noted there are projects that have been in progress for a time in the register and there are also ones where there has been no expenditure incurred on them in the financial year audited. The above creates an indication that there are assets within the register whose completion has</p>	There has been inadequate work done in ensuring all disclosures as required by the standard are made in the AFS	Management should revisit the work in progress register and identify all projects that are taking significantly longer and those whose construction or development has been halted either in the current or prior period(s). The disclosure of these projects should be made in the AFS, together with reasons thereof.	<ol style="list-style-type: none"> Ensure that comments are provided for WIP that takes longer than expected. Ensure that the notes the the annual financial statements is appropriately reviewed from compliance with the relevant standards (GRAP 17 paragraph 88) 		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 037	Statement of changes in net assets: Error identified	The surplus for the year in respect of the June 2022 financial period has been incorrectly recorded in the statement of net changes in assets	There has been inadequate reviews of the statement of changes in net assets which resulted in the error made not being detected	It is recommended that adequate reviews of the statement of changes in net assets are made by management and those charged with governance before final approval of AFS.	1. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan. 2. Adherence to the AFS Development Plan 3. Review completed AFS to the Trial balance 4. Submission of AFS to Internal Audit for review.	This finding was resolved with the AG	CFO
COAF 038	KPI 2: Misstatements of No of km of	1. Pictures not showing location 2. Duplicate reported kms	There has been inadequate reviews of performance information that would have	It is recommended that adequate reviews of the performance information be implemented by management and those	1. Ensure that actual performance	Quarterly reviews are conducted by	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
	roads re-graveled	3. Reported kms with no supporting evidence 4. Reported kms with no supporting pictures 5. Reported kms with no inspection reports	enabled early detection of identified issues and ensuring corrective actions are in place	charged with governance	reported are appropriately supported 2. Raise challenges during the Audit engagement meeting and Steering Committees	all HODs, IDP/PMS and Internal Audit prior submitting to Council Structures. Review of PMS policy to consider changes of submission date by department to allow sufficient time of review of information.	
COAF 039	KPI 1: Misstatements no. of kms of municipal roads bladed	1. Pictures not showing location 2. Reported kms with no supporting evidence 3. Reported kms with no supporting pictures 4. Reported kms with no inspection reports	There has been inadequate reviews of performance information that would have enabled early detection of identified issues and ensuring corrective actions are in place	It is recommended that adequate reviews of the performance information be implemented by management and those charged with governance.	1. Ensure that actual performance reported are appropriately supported 2. Raise challenges during the Audit engagement meeting and Steering Committees	RFQ has been developed for the supply of cameras which are not dependent on the cellphone network for the tracking of coordinates	General Manager

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 040	KPA 1: Presentation issue noted in the APR	There are indicators in the Annual Performance Report (APR) whose target has been met, however, the actual performance in these indicators has not been explicitly stated in the report. Furthermore, it has been noted this presentation is inconsistent with the prior years as the actual performance in all indicators were explicitly stated whether or not the actual performance is equal to the planned target.	Management has not disclosed the actual performance for the indicators whose actual performance were equivalent to the planned target	It is recommended that the annual performance report includes the actual annual performance for each indicator. This will result in performance information that is understandable to the end-users and consistency with the prior year reporting will be achieved.	1. Ensure that actual performance reported are appropriately supported 2. Raise challenges during the Audit engagement meeting and Steering Committees	RFQ has been developed for the supply of cameras which are not dependent on the cellphone network for the tracking of coordinates	General Manager
COAF 041	PPE: Differences between Trial Balance and Annual Financial Statements	Differences were noted between the carrying values for Buildings and Work In Progress as classified per the Trial Balance and Annual Financial Statements	There has been inadequate review of the trial balance that supports the information in the AFS which would have resulted in the error identified being detected and corrected.	The difference should be investigate by management and necessary corrections should be made. Further, adequate reviews should be done by management and those charged with governance in order to detect and correct any errors made during the preparation and finalisation of AFS.	1. Ensure adequate review of the Annual Financial Statements and reconciliation between the Trial Balance and General Ledger 2. Ensure that the Asset Register is GRAP	The annual performance report was adjusted and submitted to AG.	CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 042	Depreciation: Differences recalculated depreciation expense	1. Differences were identified when recalculating the Depreciation	It has been noted for some assets in the fixed asset register (FAR) that the remaining useful life was revised in one of the prior period(s). However, the number of days by which the remaining useful life of the assets have been adjusted is not reflected in the FAR	The calculation of the depreciation expense at year end should be reviewed by management to ensure it has been accurately calculated and the accounting policy in place has been adequately applied.	compliant 1. Review the depreciation calculation and ensure that the correct methods and estimates are used for depreciation. 2. Reconcile and review monthly depreciation.		CFO
COAF 042	Depreciation: Differences recalculated depreciation expense	2. It has been noted that the estimated useful life for the below asset that was used by management to calculate the depreciation expense is not consistent with the useful life of the asset per the accounting policy on disclosure note 1.7 of the Annual Financial Statements (AFS). As such, the maximum estimated useful life for the class of the asset as per the accounting policy was used to recalculate the depreciation expense	It has been noted for some assets in the fixed asset register (FAR) that the remaining useful life was revised in one of the prior period(s). However, the number of days by which the remaining useful life of the assets have been adjusted is not reflected in the FAR	The calculation of the depreciation expense at year end should be reviewed by management to ensure it has been accurately calculated and the accounting policy in place has been adequately applied.	1. Review the depreciation calculation and ensure that the correct methods and estimates are used for depreciation. 2. Reconcile and review monthly depreciation. 3. Review the FAR regularly to ensure that the EULs are consistent with the Asset Management		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
COAF 043	Contingencies: Differences between Legal register and Annual Financial Statements	Differences were noted when comparing the Legal Register to the Contingable liabilities note disclosure per the Annual Financial Statements	There has been inadequate review of the Legal register that supports the information in the AFS which would have resulted in the error identified being detected and corrected.	The difference should be investigate by management and necessary corrections should be made. Further, adequate reviews should be done by management and those charged with governance in order to detect and correct any errors made during the preparation and finalisation of AFS.	1. Clear the litigation register. 2. Ensure appropriate reconciliation between the disclosure notes and the relevant supporting documents 3. Ensure firms are aware of the information to disclose.	This will be prepared at year-end when the 2023/24 legal register will be considered.	CFO
COAF 044	Accounting by principals and agents: Incomplete disclosure note	It has been noted on disclosure note 50: Accounting by principals and agents, that the description of the arrangement, including description of the transactions undertaken and an explanation of the purpose of the principal-agent relationship including the benefits thereof have not been disclosed in the note.	There has been inadequate review of the accounting by principals and agents note disclosure that would have detected the omissions made with the disclosure	The note disclosure should be updated by management to include all disclosure required by GRAP 109. Further, management should utilise the GRAP Disclosure Checklist to ensure all the required disclosures have been made in the AFS	1. Review GRAP 109 and ensure that completeness of notes presentation and disclosure. Management should utilise the GRAP Disclosure checklist in order to ensure the completeness		CFO

COAF No.	Audit Finding	Nature of the Finding	Cause	Recommendation	Action Plan	Progress	Responsible Director
		<p>Further, there has been no disclosure made of the significant terms and conditions of the arrangement and whether any changes in these occurred during the reporting period.</p>			<p>of disclosure 2. Adequate time for the review of Annual Financial Statements compliance with Legislation should be included in the AFS Development Plan. 3. Adherence to the AFS Development Plan 4. Submission of AFS to Internal Audit for review.</p>		

REPORT OF THE AUDIT COMMITTEE

1. PURPOSE

The function of the Audit Committee (herein referred to as the Committee) is primarily to assist the Amahlathi Municipality (hereinafter referred to as the Council) in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes, performance information and the preparation of financial reports and statements.

2. LEGAL / STATUTORY REQUIREMENTS

The Committee operates in terms of Section 166 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003 and has endeavoured to comply with its responsibilities arising from those requirements. Other pieces of legislation that regulates the functions of the Committee are:-

- Municipal Structures Act
- Municipal Systems Act 32 of 2000

3. BACKGROUND

An audit committee is an independent advisory body which must sit at least four times a year in order to perform the following duties:

1. Advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to—
 - a) internal financial control and internal audits.
 - b) risk management.
 - c) accounting policies.
 - d) the adequacy, reliability and accuracy of financial reporting and information.
 - e) performance management.
 - f) effective governance.
 - g) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.
 - h) performance evaluation; and
 - i) any other issues referred to it by the municipality or municipal entity.
2. Review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its

efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.

3. Respond to the council on any issues raised by the Auditor-General in the audit report.
4. Carry out such investigations into the financial affairs of the municipality or municipal entity as the council of the municipality, or in the case of a municipal entity, the council of the parent municipality or the board of directors of the entity, may request, and
5. Perform such other functions as may be prescribed.

4. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

In terms of the Audit Committee Charter, the committee should consist of a minimum of 3 members.

During 2022/23 financial year, the AC held 6 meetings, 4 Ordinary AC and 2 Special AC Meetings.

Name of Member	Number of Ordinary Meetings Attended	Number of Special AC meetings attended
Ms L. Smith - AC Chairperson	4	1
Ms N. Mabuza – Hermanus	4	2
Mr M. Mdani	4	2
Mr M. Manxiwa	4	2

5. DATES OF AC MEETINGS FOR 2022/23

Ordinary Meetings	Special Meetings
26 th July 2022	28 th August 2022 – Review of APR and AFS
23 rd November 2022	
23 rd January 2023	26 th June 2023 – Approval of 2023/24 RBIAP
24 th May 2023	
23 rd June 2023	

The Audit Committee meetings are attended by the Municipal Manager, Section 56 Managers, General Manager, Legal Manager, Internal Auditors, External auditors and other relevant stakeholders.

Auditor-General SA, COGTA, ADM and Provincial Treasury have standing invitation to attend AC Meetings.

6. EFFECTIVENESS OF INTERNAL CONTROLS

Internal Audit reports reviewed during 2022/23 financial year.

Audit Committee has assessed the internal controls for the municipality through review of Internal Audit reports and close monitoring on implementation of 2022/23 Approved Risk- Based Internal Audit Plan and results are as follows.

#	STATUTORY REVIEWS	Q 1 01.07.2022 – 30.09.2022	Q2 01.10.2022 – 31.12.2022	Q 3 01.01.2023- 31.03.2023	Q 4 01.04.2023- 30.06.2023	HRS
1	Performance Management System	implemented	implemented	implemented	implemented	448
2	2021/22 Annual Performance	implemented				160
3	2023/24 Financial Year SDBIP				implemented	80
4	2021/22 Annual Financial Statement	implemented				160
5	2022/23 Mid-Year Financial Statement				implemented	80
RISK BASED REVIEWS						
6	Unauthorised, Irregular, Fruitless and Wasteful Expenditure Management			implemented		260
7	Employment Equity		implemented			160
8	Service Delivery Resource Management			implemented		160
9	Ad hoc Requests	implemented	implemented	implemented	implemented	120
FOLLOW-UP REVIEWS						
10	Financial Recovery Plan			implemented		180
11	Revenue Enhancement Plan			implemented		128
12	External Audit Action Plans				implemented	160
13	Tracking Internal Audit Action Plans				implemented	160
14	Audit Committee Recommendations	implemented	implemented	implemented	implemented	128
CONSULTING ACTIVITIES						
15	Risk Management Activities (Combined Assurance)	implemented	implemented	implemented	implemented	480
16	Risk Assessments				implemented	80

ADMIN ACTIVITIES						
17	Policy reviews			n/a	implemented	56
18	Develop Risk Based Internal Audit Plan for 2023/26 financial year				implemented	56
19	Quality Assurance Improvement Plan and Implementation	Not implemented	Not implemented	Not implemented	Not implemented	160
						3216

It was noted during 2022/23 review that the municipality experienced challenges on implementation of QAIP.

AC **recommends** that Municipality should consult Provincial Treasury – Transversal Internal Audit Section for an ongoing assistance.

Management noted the recommendations and on the 11th of August 2023, Provincial Treasury Transversal Unit visited the municipality and trained Internal Audit Staff on Combined Assurance, the next topic for the next training session will be Quality Assurance Improvement Plan.

7. RISK MANAGEMENT REPORTS

Risk Management Reports were discussed during Risk Committee meetings and were standing item in Audit Committee Meetings.

Chairperson of the Risk Committee / Municipal Manager / his delegate presented the reports to the Audit Committee.

Implementation of risk action plans was monitored and assessed by Internal Audit.

The following results were obtained.

PERIOD	IMPLEMENTED	IN-PROGRESS	NOT IMPLEMENTED
Q1	81%	17%	2%
Q2	77%	14%	9%
Q3	76%	13%	11%
Q4	73%	14%	13%

8. REVIEW OF ANNUAL FINANCIAL STATEMENTS

- 2021/22 Annual Financial Statements were reviewed by both Audit Committee and Internal Audit and submitted to Council in August 2022.
- 2022/23 Interim Annual Financial Statements as at 31 December 2022 were also reviewed by both AC and Internal Audit.

The following were some of the findings that were identified.

- Differences between the Annual / Interim Financial Statements and the Trial Balance
- Differences between the notes on the Annual / Interim Financial Statements and the face of the Statement of Financial Position and the statement of the Financial Performance.

9. PERFORMANCE MANAGEMENT

- 2021/22 Annual Performance was reviewed by both Audit Committee and Internal Audit and submitted to Council in August 2022.
- 2022/23 Mid-Term Performance as at 31 December 2022 was also reviewed by both AC and Internal Audit and tabled to Council.
- All Quarterly Performance reports are reviewed by AC and Internal Audit and submitted to Council.
- It was noted that the Municipality has not fully implemented the Performance Management System. Individual Performance for municipal staff below Task Grade 12 is not assessed due to resistance from the organized labor and management is trying its best to address this matter.
- There has been a great improvement in Service Delivery targets as compared to the past financial years.
- Overall institutional performance for 2022/23 is **89.69%**

INSTITUTIONAL PERFORMANCE				
KPA	TOTAL TARGETS	ACHIEVED	NOT ACHIEVED	% ANNUAL PERFORMANCE
SDI	28	24	4	85.71%
MFV	16	15	1	93.75%
GGP	19	19	-	100%
LED	16	13	3	81.25%
MTI	18	16	2	88.89%
Overall Performance	97	87	10	89.69%

10. FOLLOW-UP ON AG ACTION PLANS

Management reports quarterly on the implementation of AG Action Plans.

Action plans as at 30th June 2023 were submitted to Internal Audit for review.

The following results were obtained as at 30th June 2023;

59.26% of actions were implemented, 35.19% were in progress and 5.56 % were not yet implemented.

11. FOLLOW-UP ON IA ACTION PLANS

35 Findings were followed up during 2022/23 from previous audit reports that were issued by Internal Audit.

The following results were obtained.

24 findings were implemented (68.57%), 10 findings were in progress (28.57) and 1 finding was not yet implemented (2.86%)

12. REVIEW OF MANAGEMENT REPORTS

Audit Committee has reviewed the following Management Reports which are standing items on the Audit Committee Agenda.

7.1 ICT Performance Report

7.2 Legal Matters

7.3 Finance Reports

7.4 Performance Reports

7.5 Report on filing of critical vacant and funded posts

No emerging risks or new areas of concern or challenges that the AC would like to highlight for the Council in relation to the listed management reports.

AC would like Council to note the following positive highlights.

- ICT Steering Committee is functional, Digital Transformation Strategy is in place and was adopted by Council on 29th June 2023.
- Significant decrease in Disciplinary cases from 21 to 6 meaning that there is a lot of improvement on employee relations.
- The performance of Engineering Services has improved as compared to the previous financial year, they are not at 100% and there is significant improvement in the achievement of Service Delivery Targets.

13. OVERALL CHALLENGES RELATING TO INTERNAL AUDIT UNIT

The following challenges have been noted impacting on performance of Internal Audit as well as Audit Committee.

- Lack of office spaces for officials that had their offices burnt during October 2018 community protests.
- The Municipality does not have Risk Management Unit or Risk Management Personnel, risk management activities are performed by Internal Auditors.
- Vacant position of Internal Audit Manager for 8 months during the period under review. (01st July 2022 – 30th June 2023)
Position of Internal Audit Manager has been advertised.
- Non-compliance findings raised by Auditor-General during 2021/22 Audit were not fully resolved during 2022/23 e.g. Combined Assurance and Quality Assurance Improvement Program however the Internal Audit Unit is making strides to respond to those issues, Management was trained on Combined Assurance.

14. AUDITOR GENERAL SOUTH AFRICA

It must be noted that the municipality **needs to put more controls** in terms of implementing and monitoring of the AG and Internal Audit action plans including risk mitigation plans.

There is a sound and professional relationship between the Audit Committee and the Office of the Auditor General so as to ensure compliance.

CHAPTER 7 APPENDICES

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Council Members	28-Jul-2022	05-Aug-2022	11-Aug-2022	17-Aug-2022	30-Aug-2022	11-Oct-2022	27-Oct-2022	29-Nov-2022	25-Jan-2023	27-Feb-2023	30-Mar-2023	26-Apr-2023	25-May-2023	14-Jun-2023	29-Apr-2023	no of meetings	Percentage of council meetings	Percentage of apologies for non	Percentage of absenteeism
1. Cllr. Normakhosazana Nongqayi	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100	0	0
2. Cllr. Nokuzola Mlahleki	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100	0	0
3. Cllr. Onke Mgunculu	APOL OGY	P	P	P	P	P	P	APOL OGY	P	P	APOL OGY	P	P	P	P	15	80	20	0
4. Cllr. Pateka Gaba	APOL OGY	ABS ENT	P	P	P	APOL OGY	APOL OGY	P	APOL OGY	P	P	P	P	P	APOL OGY	15	66,7	26,7	6,6
5. Cllr. Nobathe mbu Manyika	P	ABS ENT	P	P	ABSENT	P	P	P	P	P	P	P	P	P	ABSENT	15	80	0	20
6. Cllr. Xola	ABSENT	P	P	P	P	P	P	P	P	P	P	P	P	P	APOL OGY	15	86,7	6,7	6,6

31.Traditional Leader: Mr. N.J. Ujana	P	ABS ENT	ABS ENT	P	P	P	P	P	P	P	P	P	ABSE NT	P	15	66,7	6,7	26,6
32.Traditional Leader: Mrs.P. Gaika														P	2	100	0	0

APPENDIX B: COUNCIL COMMITTEES (Other than Mayoral/ Executive Committee) and Purposes of the Committees

Municipal Committees	Purpose of Committee
Budget and Treasury	<p>The purpose of the Budget and Treasury Standing Committee as a Section 79 Committee of Council is to: -</p> <p>Provide Political Leadership by being responsible for Policy outcomes, oversight and holds the Chief Financial Officer accountable for</p> <p>Performance by regular and consistent reporting to Council through the Committee.</p>
Service Delivery	<p>Report on Progress and Challenges on Capital Projects.</p> <p>Report on work done as per the Maintenance programme of Roads, also alerting the committee of the repairs done on Machinery</p> <p>That might have caused delays in the Programme.</p> <p>Challenges in the Department in General.</p> <p>Amount of Jobs created.</p> <p>The response time in repairing any complaints from the Community.</p> <p>Report on Budget Expenditure.</p>
Development and Planning	<p>To create a conducive environment for business to invest at Amahlathi area.</p> <p>To encourage business to create jobs in order to reduce unemployment.</p> <p>To promote SMME's and co-operatives within Amahlathi.</p> <p>To promote tourism as a vehicle for Job creation within Amahlathi.</p> <p>To support emerging farmers that are within Amahlathi and link them with business in order to sell their products.</p>
Community Services	<p>To provide accessible, affordable, equitable and sustainable service as well as a healthy environment to residents and business operating in the Amahlathi Local Municipality.</p> <p>To contribute towards a safe and secure environment.</p>

Municipal Committees	Purpose of Committee
	To promote a clean and healthy environment.
	To promote a culture of reading and learning.
	To ensure that Public Amenities are improved and well managed.
Corporate Services	To oversee the proper, efficient and effective operations of Human Resources and Administration Department.
	To ensure that Policy Formulation and recommendation from both Sections are in line with vision and mission of the municipality as well as
	Compliant with National and Provincial Legislation.
	To represent employer component in Provincial Institution Cluster of SALGA, Amathole District Municipality
	To champion good working relations between the employer and employee component of the municipality.
	To ensure that Departmental goals and Departmental Budget are aligned.
	To devise programs for imparting of skills to Stakeholders within the municipal area.
	To oversee that proper employment procedures are undertaken without disadvantaging anyone.

APPENDIX C: THIRD TIER STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
EXECUTIVE SERVICES	DR. Z. SHASHA
BUDGET AND TREASURY OFFICE	MR L MANJINGOLO
CORPORATE SERVICES DEPARTMENT	MS. N. NQULO
ENGINEERING SERVICES DEPARTMENT	MS. N. DLOVA
COMMUNITY SERVICES DEPARTMENT	MS. A. NOHOLOZA
PLANNING AND DEVELOPMENT DEPARTMENT	MR. S. MNWEBA
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	

TC

APPENDIX D: FUNCTIONS OF MUNICIPALITY

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	Yes	
Childcare facilities	Yes	
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	No	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Storm water management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	No	
Beaches and amusement facilities	Yes	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	Yes	
Facilities for the accommodation, care and burial of animals	Yes	
Fencing and fences	Yes	
Licensing of dogs	Yes	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	Yes	
Municipal abattoirs	Yes	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	

Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
<i>* If municipality: indicate (yes or no); * If entity: Provide name of entity</i>		

APPENDIX E: WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward Committees 2022-2023	Name of Ward Councillor and elected Ward Committees June 2023	Committee established (Yes /NO)	Number of Committee meetings held during the year	Number of quarterly reports submitted to the Speaker on time	Number of quarterly public meeting held during year
WARD 1	Cllr N. Mkiva 1.Lindela Manyakanya 2.Nokrisimesi Mbande 3.Nozolile Mfuleni 4.Lulama Kwankwa 5.Cynthia Vane 6.Phumla Bobo 7.Nokuthula Madlokazi 8.Mzolisi Ndlangalavu 9.Vuyokazi Bikitsha 10.Vuyisile Mandla	Cllr N. Mkiva 1.Phila Zini 2.Sandla Soka 3.David Nkosinathi Mzili 4.Loyiso Bazi 5.Yoliswa Fikelepi 6.Noluthando Gwane 7.Nosibusiso Vumindaba 8.Ovayo Ndlangalavu 9.Sandisiwe Nzwanana 10.Thembakazi Gege	YES	6	1	1
WARD 2	Cllr D.S.Gxekwa 1.Veliswa Mhluzi 2.Vuyelwa Nkoku 3.Siyabulela Mpayipheli 4.Siseko Cawa 5. 6.Cebo Madlokazi 7.Kungeka Sixholo 8.Ndodomzi Manyakanyaka 9.Mongameli Rode 10.Nomataru Mhlauli	Cllr Z.Qonto 1.Khanyisa Khumbaca 2.Nobesuthu Zolidayi 3.Nomalulama Manyika 4.Sophumelela Mfecane 5.Gcobani Matutu 6.Simphiwe Kulati 7.Aviwe Rolisisu 8.Kwakhanya Mpange 9.Mongameli Rode 10.Athenkosi Ganjana	YES	4	0	1
WARD 3	Cllr M. Ngcofe 1.Sikelelwa Tamba 2.Alfred Veto 3.Phiweka Socishe 4.Thozama Madlokazi 5.Zimasa Mthi 6.Akhona Tweni 7.Mfuyo Jumba 8.Nkosabantu Busika 9.Fundiswa Luthuli 10.Makhi Manentsa	Cllr N. Nyangwa 1.Ayanda Faniso 2.Thozama Sweetness Mhluzi 3.Nompumezo Socishe 4.Nomakholwa Petronela Zotsha 5.Kwandiwe Gida 6.Zimasa Mti 7.Mfuyo Jumba 8.Nkosabantu Busika 9.Nandipha Sweetness Nyovane 10.Luleka Nonzame Matsoyiyane	YES	2	0	1
WARD 4	Cllr M Mjikelo 1.Nocwaka Nonyongo 2.Portia Mbesi Nancy Cofa	Cllr N. Charlie 1.Nocwaka Nonyongo 2.Bongeka Phendu 3.Wandile Lalo	YES	6	1	3

	4. 5.Ntombizakhe Nkwentsha 6.Veronica Vellem 7.Ali Sautana 8.Thandiswa Tshali 9.Nonzuzo Mahlathi 10.Nonkanyiso Charlie	4.Thobela Qoto 5.Yongama Feni 6.Sibusiso Nojoko 7.Melikhaya Nqaba 8.Kholiwe Mabunzane 9.Thabiso Mohautse 10.Wanga Lihleli Dlai				
WARD 5	Cllr Klaas 1.Sakhumzi Lubengu 2.Ntombizanele Nono 3.Nomakorinte Ngcaku 4.Thobigunya Kolobile 5.Vukaphi Mpumelelo 6.Neliswa Nyathi 7.Vivian Sajini 8.Phindiwe Blom	Cllr N. Klaas 1.Thobeka Mevi 2.Dumisa Khepu 3.Mninawa Richard Mbolekwa 4.Yoliswa Mancam 5.Zukile Tadeus Madolwana 6.Mlindeli Thandiwe 7.Ntombekhanyo Rululu 8.Sihle mpahla 9.Zinzi Ngalo 10.Nomakhosazana Sili	YES	3	0	0
WARD 6	Cllr Tokhwe 1.Olwethu Boo 2.Nosango Manoni 3.Luyanda Sindi 4.Hussein Wayne Mopp 5.Nontekelelelo Xiniwe 6.Siphokazi Funani 7.Gudiswa Matomela 8.Nosiphiwo Nogqala 9.Bonele Patsa 10.Veliswa Mondeleki	Cllr M.Busakwe 1.Zimasa Patricia Sokuyeka 2.Lukhanyo Jaji 3.Ntombekhaya Manoni 4.Marlon Curtis Jacobs 5.Gavin Ignatius Jacobs 6.Nontekelelo Josephine Xiniwe 7.Ntomboxolo Gqwaka 8.Gudiswa Matomela 9.Zoliswa Mpangise 10.Zukiswa Jongilanga	YES	5	0	2
WARD 7	Cllr N Jikazayo 1.Sihlalo Magibizela 2.Phatheka Nojoko 3.Nontuthuzelo Damane 4.Nozukile Felem 5.Nosithile Momeni 6.Nwabisa Mbelwana 7.Nokona Bacela 8.Norah Toyiya 9.Kholiwe Sindaphi 10.Nomsa Balindlela	Cllr Z.Mfulana 1.Akhona Geza 2.Babalwa Bhuqekile 3.Fundile Gebe 4.Nozipho Manyonga 5.Phumza Jaji 6.Zuziwe Lwana 7.Neliswa Nyhwagi 8.Mandlakhe Ngcukana 9.Sondezwa Mxayiya 10.Zoleka Mabetha	YES	7	0	1
WARD 8	Cllr X. Nqatha 1.Lulama Kama 2.Vusiwe Nkunzi 3.Lee Fletcher 4.X. Mbiko 5.Mthuthuzeli Mkefu 6.Bulelwa Pinana	Cllr X. Neti 1.Bulelwa Tela 2.Sydney Mbekeni 3.Londoza Lillian Cengani 4.Nelson Kondile 5.Thobeka Veronica	YES	9	1	2

	7.Mlamli Dabi 8.Thenjiwe Vena 9.Wonke Ntlombe 10.Nosiphiwo	Songololo 6.Nomasixole Ngangelizwe 7.Nosiphiwo Mvolontshi 8.Bayanda Mketshana				
WARD 9	Cllr M. Nqini 1.Vuyo Mduywa 2.Athini Somana 3.Zukisani Tancu 4.Khanya Sotyantsi 5.Msa Madliwa 6.Mzolisi Jwaqu 7.Thandeka Ntsasa 8.Zoleka Mbekeni 9.Zameka Sotyantsi 10.Nobekaphi Wawa	Cllr M. Nqini 1.Nonkosi Sibawu 2.Thozama Dyosi 3.Zukisani Tshudu 4.Veliswa Lwana 5.Xolani Mpingelo 6.Ziyanda Butsha Sinyamba 7.Nandipha Maneli 8.Busisiwe Miranda Mzondi 9.Zoleka Mbekeni 10.Zameka Sotyantsi	YES	1 0	1	2
WARD 10	Cllr V. Tshaka 1.Aviwe Qakana 2.Lungisa Tyanase 3.Ntombizakhe Jaza 4.Bukelwa Soyi 5.Buntu Mpondo 6.Unathi Potose 7.Ndileka Magwaxaza 8.Nomfanelo Fikilane 9.Ntombizanele Sodzeme 10.Veliswa Bongoza	Cllr M Neku 1.Simphele Majiki 2.Sinxolo Wilberforce Dyanti 3.Bukelwa Sooi 4.Buntu Masonwabe Mpondo 5.Thabisa Mhlahlo 6.Nomalizo Mkhefe 7.Phumzile Mbaza 8.Mamela Makhongolo 9.Nomfusi Sthetho 10.Siphamandla Qaba	YES	4	0	1
WARD 11	Cllr S. Venkile 1.Nonkosi Mcothshana 2.Nontando Kasba 3.Ntsikane Mesele 4.Lusanda Habule 5.Andile Ngwalangwala 6.Nomsebenzi Lantu 7.Nontyantyambo Charles 8.Mzwamabhele Norushe 9.Sindiswa Lunge 10.Bukiwe Madikane	Cllr N. Sidinana 1.Cordelia Nosipho 2.Makuzeni 3.Mhleli Hejane 4.Mazande Ndesi 5.Cornia Nontando Kasba 6.Nomsebenzi Gloria Lantu 7.Zamekile Blom Simon Feni 8.Yandiswa Ngemntu 9.Nozuko Ngamlana 10.Thandiwe Virginia Magwaca	YES	6	0	1
WARD 12	Cllr R. Desi 1.Thandeka Blom 2.Thumeka Nobavu 3.Nomvuyo Ntsudushe 4.Cebo Kotsobe 5.Phelisa Zipindile	Cllr P. Simandla 1.Khanyiswa Mazosiwe 2.Anele Tole 3.Mandla Victor Mditshwa 4.Norah Ntshante	YES	9	0	2

	6.Fanelwa Ngese 7.Luvuyo Mtila 8.Nosicelo Tishala 9.Lote Nosipiwo 10.Zukiswa Komani	5.Thembelani Makisi 6.Velisani Dumezwani 7.Charles Sibuyile Maqaqa 8.Nopinki Gloria Skeyi 9.Yandiswa Mhanya 10.Thozamile Ascension Khumbaca				
WARD 13	Cllr N. Ncevu 1.Sivuyile Cetwayo 2.Lindelwa Mbandezi 3.Mandeli Gobodwana 4.Tshona Caswell 5.Bonelwa Nikani 6.Zingaphi Sawuti 7.Vuyelwa Nyamakazi 8.Vuyo Jakuja 9.Veliswa Lamana 10.	Cllr N. Ncevu 1.Sivuyile Cetwayo 2.Monde Mzimba 3.Lindelwa Mbandezi 4.Sipho Patric Ntuthu 5.Bonelwa Nikani 6.Yandiswa Thembani- Siswana 7.Vuyelwa Veronica Nyamakazi 8.Vuyo Jakuja 9.Akhona Sontaba 10.Melikhaya Gladman Goniwe	YES	9	0	2
WARD 14	Cllr D. Noxeke 1.Sibulele Vuso 2.Lina Busika 3.Victoria Poni 4.Zukile Jaqula 5.Yoliswa Mapukatha 6.Nozuko Mbiko 7.Mlingiseleli Cetywayo 8.Mziyanda Mtsewu 9.Bulelani Ndoloshe 10.Nomsa Jeremiah	Cllr M. Maweni 1.Caciswa Portia Mjali 2.Zandile Mavela 3.Mangaliso Bhatayi 4.Thembile David Tyelentombi 5.Siphokazi Sinoxolo Hlanganise 6.Desmond Dyosi 7.Luxolo Magalela 8.Nomthandazo Mbolani 9.Fundiswa Patricia Sofatsha 10.Zukiswa Silere	YES	5	0	1
WARD 15	CLLR Mtati 1.Vulindlela Mvandaba 2.Zoliswa Kweleta 3.Mandeli Mbende 4.Desmond Dyosi 5.Mbulelo Ndinisa 6.Vusumzi Foslara 7.Sintombi Frans 8.Mzikayise Dyosi 9.Asanda Tyira 10.Yolanda Mampangashe	Cllr N. Salaze 1.Luxolo Ncumani 2.Zola Gavini 3.Gcobani Gwebushe 4.Nobuntu Mbende 5.Thembisile Mavela 6.Babalwa Kwanini 7.Makhwenkwe Gwebani 8.Prince Qinga 9.Thembisa Nkangala 10.Nombulelo Mbekeni	YES	1 0	1	2

APPENDIX F: MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS

AUDIT COMMITTEE RESOLUTIONS MADE DURING 2022/23 FINANCIAL YEAR			PROGRESS by MANAGEMENT
Item #	AC RESOLUTION	RESPONSIBILITY	
1	<p><u>PERFORMANCE MANAGEMENT INFORMATION</u> AC resolved that the municipality should develop a plan in order to address the process of performance management system which is not properly followed within the Municipality.</p> <p>Performance Management System is not fully implemented. Performance is not cascaded down to levels below Task Grade 12.</p>	General Manager - Office of the Municipal Manager Corporate Service Director	Not fully implemented. Performance Management System is not fully cascaded down to levels below Task Grade 12
2	<p><u>PERFORMANCE MANAGEMENT INFORMATION</u> AC recommended that co-ordination should be strengthened, meeting should take place to ensure that what is planned on the SDBIP is aligned to available resources before Management submits to Council (requests to amend 2022/23 SDBIP)</p>	General Manager - Office of the Municipal Manager	Resolution was implemented. SDBIP is aligned to Budget.
3	<p><u>PERFORMANCE INFORMATION</u> AC resolved that Performance Management System should be a standing item on Audit Committee Meetings.</p> <p>This item will deal with implementation of Monitoring & Evaluation Policy</p>	General Manager - Office of the Municipal Manager Corporate Service Director	The resolution was implemented. Performance Management System is a standing item in Ordinary Audit Committee Meetings

4	<p><u>MONITORING & EVALUATION POLICY</u> AC recommended that Monitoring & Evaluation Policy should include 3 monitoring variables; Cost, Time & Quality</p> <p>AC suggested that management should consider Monitoring and Evaluation framework to ensure that all municipal programs or projects are periodically evaluated to assess value for money.</p>	General Manager - Office of the Municipal Manager	<p>Draft Monitoring and Evaluation policy has been developed as per recommendations.</p> <p>The policy is at the consultation level. The three monitoring variables require clear measures which must be specified at acceptable standards.</p>
5	<p><u>ICT PERFORMANCE REPORT</u> AC requested that Director Corporate Services should include progress on implementation of controls that are on the ICT Performance report.</p>	Corporate Services Director	Resolution was implemented. ICT Performance Report is a standing item on Ordinary AC Meetings
6	<p><u>EMAIL SYSTEM</u> AC recommended that the Municipality needs to have an official email system for information security and backup purposes.</p>	Corporate Services Director	<p>Resolution was implemented.</p> <p>The municipality procured Ms Office 365 and all users were migrated. Official emails are up and running.</p> <p>Risk of information security has been minimised; all employees are using Amahlathi emails.</p>
7	<p><u>PERFORMANCE MANAGEMENT</u> AC raised concerns with regards to Service Delivery KPIs that were not fully implemented during the period under review (2022/23 fy).</p>	General Manager - Office of the Municipal Manager	There have been significant improvements with regards to implementation of Service Delivery Targets as compared to 2022/23 financial year.
8	<p><u>ELECTRICITY</u> AC recommended that the Municipality should install smart meters before 18% tariff increase that was approved by NERSA, otherwise the Municipality's Cashflow will be negatively impacted.</p>	Engineering Services Director	<p>Resolution was implemented.</p> <p>Roll out for Smart Meters has commenced in July 2023. Businesses and customers with high consumption were prioritised.</p>

<p>9</p>	<p>FINANCIAL RECOVERY PLAN & REVENUE ENHANCEMENT STRATEGY The Committee recommended: 1. That management should ensure that housing lease policy is in place 2. That there should be a clear role of management and Legal Manager in debt recovery 3. That both Financial Recovery Plan and Revenue Enhancement Strategy be reviewed in preparation for 2023/24</p>	<p>CFO</p>	<p>1. The municipality is currently making use of REVCO Debt Collector appointed through a transversal contract National Treasury. The office of the Legal Manager would have to be sufficiently resourced to handle this; therefore, Debt recovery is handled by the appointed Service Provider. 2. Financial Recovery Plan and the Revenue Enhancement Strategy have been reviewed and adopted by council on the 26 October 2023.</p>
<p>10</p>	<p>MUNICIPAL RE-ENGINEERING AC resolved that municipality should finalise the following issues which are causing much strain on municipal finances; 1. Standardisation case 2. Travel allowance 3. Reduce employee costs</p>	<p>Corporate Services Director and Municipal Manager</p>	<p>Management is working towards implementing the resolutions. The matter is in High Court.</p>

<p>11</p>	<p>LEGAL MATTERS</p> <p>1. AC recommended that the Register of Legal Matters needs to reflect the amounts and those amounts should agree to the ones reported on Financial Statements so that when Draft AFS are reviewed Legal fees agrees to the registers by end of financial year.</p> <p>2. AC resolved that Legal Register should be accompanied with a report that gives summary of the cause of action, costs paid and explain whether there are issues in court, how much was paid for legal fees per quarter, whether the costs are in favour of municipality or not.</p> <p>3. It was further resolved that the report attached to Explain issue of cases / matters in court due to non-payment of suppliers for services rendered, there must be reasons why matters are not referred out of court.</p> <p>4. It was suggested that on SLAs (under the paragraph that talks to Breach of contract) the municipality need to include issues of litigations where matters should be referred to arbitration instead of Court.</p> <p>5. AC recommended that Legal Manager should consider utilising Litigation Management Strategy that is available in the Office of the Premier (OTP)</p>	<p>Legal Manager</p>	<p>AC recommendations were implemented.</p> <ol style="list-style-type: none"> 1. Register of Legal Matters has been revised and all the AC recommendations were taken into consideration. 2. Quarterly Legal Manager prepares summary report that is attached to register of Legal Matters. 3. Litigation Management Strategy is utilised as per AC recommendations.
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<p>12</p>	<p>RISK MANAGEMENT The Committee recommended: 1. That all litigations should be forwarded to the Registry Office. 2. To request for support from ADM for Fraud Hotline services 3. Fraud and corruption awareness with the municipality to be conducted by Legal Services Unit 4. To ensure that consequence management is addressed in anti-fraud and corruption policy and other related municipal policies</p>	<p>Legal Manager CFO GM</p>	<p>1. Fraud and Corruption Awareness Campaigns are done by Internal Audit Unit at the moment due to the fact that Legal Services only have one position to perform all legal related duties for the whole municipality. 2. Municipality does not have its own Fraud Hotline at the moment however awareness campaigns on Fraud Prevention programs are conducted and people are made aware of the National Fraud Hotline. The municipality has also adopted a Whistle Blowing Policy to protect the Whistle-Blowers. 3. Municipality is in a process to appoint Chairperson of the Disciplinary Board that will be responsible to enforce Consequence Management.</p>
<p>13</p>	<p>FINANCE REPORTS 1. AC recommended that the municipality should reduce its creditors and avoid late payments. 2. AC further recommended that creditors should be prioritised before payment of salaries. 3. AC recommended that the Municipality should cut costs during Strategic Planning Sessions. Management should request assistance from ADM with regards to venue for Institutional Strategic Planning, or they should support Businesses within jurisdiction rather than going out of town e.g. to Port Alfred.</p>	<p>CFO</p>	<p>1. Management endeavours to pay its creditors within 30 days especially for projects that are grant funded and the ones with small balances. 2. Management currently prioritises salaries as there is risk of labour unrest if employees are not paid which may result in creditor payments not being done. 3. Strategic sessions are currently being held within the municipal jurisdiction. Strategic Planning Sessions for 2023/24 were held at Dohne Agricultural Institute in Stutterheim to save on travelling and accommodation costs.</p>

14	<p>FLEET MANAGEMENT AC recommended that there must be a clause included on the Fleet Management policy that talks with the terms and conditions of hiring a car and consequences to bare if the car is involved in a car accident</p>	Corporate Services Director	Resolution was implemented. Fleet Management Policy has been reviewed and AC recommendations were incorporated.
15	<p>CONTINGENT LIABILITIES AC recommended that Contingent Liabilities should be updated on Quarterly basis.</p>	CFO Legal Manager	<p>Management engaged the AC that it would prove costly for the municipality if this route is taken due to financial implications.</p> <p>It was agreed that Legal Confirmations should be done during preparation of Annual Financial Statements (once a year).</p>

APPENDIX G: DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2022 to 30 June of Year 2023		
Position	Name	Description of Financial Interests* (Nil / Or details)
(Executive) Mayor	Cllr N Nongqayi	Nil
Member of EXCO	Cllr. P Qaba	Nil
	Cllr. NP Mlahleki	Nil
	Cllr. B Xongwana	Nil
	Cllr. XM Tokwe	Nil
	Cllr. NA Kato-Manyika	Nil
	Cllr. T Balindlela	Nil
Councillor	Cllr. ZA Qonto (MPAC Chair)	Nil
	Cllr. PM Onceya-Sauti	Nil
	Cllr. A Hobo	Nil
	Cllr. N Ngxakangxaka	Nil
	Cllr. RB Pickering	Nil
	Cllr. N Mbulana	Nil
	Cllr. M Gantsho	Nil
	Cllr. NV Mjandana	Nil
	Cllr. NC Mkiva	Nil
	Cllr. N Nyangwa	Nil
	Cllr. N Charlie	Nil
	Cllr. NZ Klaas	Nil
	Cllr. M Busakwe	Nil
	Cllr. ZE Mfulana	Nil
	Cllr. X Neti	Nil
	Cllr. M Ngqini	Nil
	Cllr. M Neku	Nil
	Cllr. NO Sidinana	Nil
	Cllr. PA Simandla	Nil
	Cllr. N Ncevu	Nil
	Cllr. ME Maweni	Nil
	Cllr. N Salaze	Nil
	Cllr. O Mgunculu	Nil
	NJ Ulana	Nil
Municipal Manager	Dr. Z Shasha	Nil
Chief Financial Officer	Mr. L Manjingolo	Nil
Directors	Mr. S Mnweba	Nil

	A Noholoza (Acting)	Nil
	N Ngulo	Nil
	N Dlova	Nil
Other S57 Officials		
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year 2021/22	Current: Year 2022/23			Year 2022/23 Variance	
	Actual	Original Budget	Adj Budget	Actual	Original Budget	Adj Budget
Vote 1 - Executive & Council	115 327	131 845	131 791	98 338	-34%	-34%
Vote 2 - Budget & Treasury Office	33 202	30 383	29 249	23 146	-31%	-26%
Vote 3 - Corporate Services	97	-	-	-	0%	0%
Vote 4 - Planning & Development	29 577	1 446	1 483	16 870	91%	91%
Vote 5 - Community & Social Services	2 276	-	-	1 299	0%	0%
Vote 6 - Housing	21	4 844	4 844	11	-45469%	-45469%
Vote 7 - Public Safety	4 764	50	219	2 486	0%	0%
Vote 8 - Sport & Recreation	-	31 751	31 716	-	-100%	-100%
Vote 9 - Waste Management	11 209	5 926	5 901	5 803	-100%	0%
Vote 10 - Road Transport	4 156	41 147	41 547	3 210	-1182%	-1194%
Vote 11 - Electricity	38 857	13 141	20 726	20 034	34%	-3%
Vote 12 - Environmental Protection	91	23	430	111	79%	-286%
Total Revenue by Vote	239 579	260 556	267 904	171 307		

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3

T K.1

APPENDIX I: LONG TERM CONTRACTS

Long Term Contracts (20 Largest Contracts Entered into during Year 2022/23)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
None					
					TH.1

Public Private Partnerships Entered into during Year 2022/23					
					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2022/23
None					
					TH.2

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	Year 2021/22	Year 2022/23			Year 2022/23 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adj Budget	
Property rates	22 178	23 785	23 785	23 331	-2%	-2%	
Property rates - penalties & collection charges	-	-	-	-	0%	0%	
Service Charges - electricity revenue	38 857	41 147	41 547	35 562	0%	0%	
Service Charges - water revenue	-	-	-	-	0%	0%	
Service Charges - sanitation revenue	-	-	-	-	0%	0%	
Service Charges - refuse revenue	10 856	13 141	13 141	11 107	-18%	-18%	
Service Charges - other	-	-	-	-	0%	0%	
Rentals of facilities and equipment	171	100	291	221	55%	-32%	
Interest earned - external investments	366	1 040	1 055	1 613	36%	35%	
Interest earned - outstanding debtors	8 182	8 646	10 294	11 338	24%	9%	
Dividends received	-	-	-	-	0%	0%	
Fines	12	15	26	20	23%	-33%	
Licences and permits	1 780	2 429	2 429	2 349	-3%	-3%	
Agency services	1 059	1 829	1 829	1 266	-44%	-44%	
Transfers recognised - operational	121 995	130 728	130 989	130 054	-1%	-1%	
Other revenue	5 037	5 996	7 738	8 172	27%	5%	
Gains on disposal of PPE	1 005	-	-	-	0%	0%	
Total Revenue (excluding capital transfers and contributions)	211 499	228 855	233 123	225 034	-1,70%	-3,59%	

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

TK.2

APPENDIX L: CONDITIONAL GRANTS EXCLUDING MIG

Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adj Budget	
				R' 000		
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
FMG Grant	2 200	2 200	2 200	0%	0%	Yes
MSIG Grant	-	-	-	0%	0%	Yes
EPWP Grant	1 568	1 568	1 568	0%	0%	Yes
Equitable Share	124 987	124 987	124 987	0%	0%	Yes
PMU 5%	-	-	-	-	-	Yes
Disaster Relief Grant	-	-	-	-	-	
<i>Provincial</i>						
Library Grant	1 200	1 200	1 200	0%	0%	Yes
Seta Grant	773	935	-	0%	0%	
Waste Grant	-	3 080	554	0%	0%	Yes
Total	130 728	133 970	130 509			
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						

T L

APPENDIX M: CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							R '000
Description	Year 2022/23			Planned Capital expenditure			
	Original Budget	Adjustment Budget	Actual Expenditure	FY + 2023/24	FY + 2024/25	FY + 2025/26	
Capital expenditure by Asset Class							
Infrastructure - Total	24 601	23 763	21 177	-	-	-	
Infrastructure: Road transport - Total	24 601	23 763	21 177	-	-	-	
Roads	24 601	23 763	21 177				
Capital Spares							
Infrastructure: Electricity - Total	-	-	-	-	-	-	
Power Plants							
LV Networks	-	-	-				
Capital Spares	-	-	-				
Infrastructure: Water - Total	-	-	-	-	-	-	
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-	-	-	-	-	
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-	-	-	-	-	
Waste Management	-	-	-				
Transportation							
Gas							
Other							

Community - Total	12 050	7 938	8 217	-	-	-
Halls						
Centres	9 550	6 000	7 044			
Crèches						
Clinics/Care Centres						
Fire/Ambulance Stations		168	146			
Testing Stations						
Museums						
Galleries						
Theatres						
Libraries						
Cemeteries/Crematoria		170	148			
Police						
PurIs						
Public Open Space	2 500	1 600	879			

Table continued next page

Description	Year 2022/23				Planned Capital expenditure			R '000
	Original Budget	Adjustment Budget	Actual Expenditure	FY + 2023/24	FY + 2024/25	FY + 2025/26		
Capital expenditure by Asset Class								
Heritage assets - Total	-	-	-	-	-	-	-	-
Buildings								
Other								
Investment properties - Total	1 000	1 500	-	-	-	-	-	-

Housing development								
Other	1 000	1 500	-					
Other assets	350	2 295	1 299	-	-	-	-	-
General vehicles	-	1 400	528					
Specialised vehicles								
Plant & equipment	150	570	542					
Computers - hardware/equipment	50	150	12					
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)	150	175	217					
Other	-	-	-					
Agricultural assets								
List sub-class								
Biological assets								
List sub-class								
Intangibles								
Computers - software & programming	-	-	-					
Other (list sub-class)								

Total Capital Expenditure on new assets	38 001	35 496	30 693	-	-	-
Specialised vehicles	-	-	-	-	-	-
Refuse						
Fire						
Conservancy						
Ambulances						

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1

Capital Expenditure - Upgrade/Renewal Programme*							R '000
Description	Year 2022/23			Planned Capital expenditure			
	Original Budget	Adjustment Budget	Actual Expenditure	FY + 2023/24	FY + 2024/25	FY + 2025/26	
Capital expenditure by Asset Class							
Infrastructure - Total	1 740	4 820	616	-	-	-	
Infrastructure: Road transport - Total	-	-	-	-	-	-	
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	1 740	1 740	217	-	-	-	
Power Plants							
LV Networks	1 740	1 740	217	-	-	-	
Capital Spares							
Infrastructure: Water - Total	-	-	-	-	-	-	
Dams & Reservoirs							
Water purification							



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<i>Reticulation</i>	-	-	-	-	-	-	-
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	3 080	399	-	-	-	-
<i>Waste Management</i>	-	3 080	399				
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<u>Community</u>	-	-	-	-	-	-	-
<i>Parks & gardens</i>							
<i>Sportsfields & stadia</i>	-	-	-	-	-	-	-
<i>Swimming pools</i>	-	-	-	-	-	-	-
<i>Community halls</i>	-	-	-	-	-	-	-
<i>Libraries</i>	-	-	-	-	-	-	-
<i>Recreational facilities</i>	-	-	-	-	-	-	-
<i>Fire, safety & emergency</i>	-	-	-	-	-	-	-
<i>Security and policing</i>	-	-	-	-	-	-	-
<i>Buses</i>	-	-	-	-	-	-	-
<i>Clinics</i>	-	-	-	-	-	-	-
<i>Museums & Art Galleries</i>	-	-	-	-	-	-	-
<i>Cemeteries</i>	-	-	-	-	-	-	-
<i>Social rental housing</i>	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-
<u>Heritage assets</u>	-	-	-	-	-	-	-
<i>Buildings</i>							
<i>Other</i>							

Table continued next page						
Table continued from previous page						
Capital Expenditure - Upgrade/Renewal Programme*						
Description	Year 2022/23			Planned Capital expenditure		
	Original Budget	Adjustment Budget	Actual Expenditure	FY + 2023/24	FY + 2024/25	FY + 2025/26
R '000						
<u>Capital expenditure by Asset Class</u>						
<u>Investment properties</u>						
Housing development						
Other	-	-	-	-	-	-
<u>Other assets</u>						
General vehicles	50	1 000	440	-	-	-
Specialised vehicles						
Plant & equipment						
Computers - hardware/equipment						
Furniture and other office equipment						
Abattoirs						
Markets						
Civic Land and Buildings						
Other Buildings						
Other Land						
Surplus Assets - (Investment or Inventory)						
Other	50	1 000	440	-	-	-
<u>Agricultural assets</u>						
List sub-class						
	-	-	-	-	-	-

APPENDIX N: CAPITAL PROGRAMME

Capital Programme by Project: Year 2022/23							R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %		
Executive & Council							
Vehicles	-	1 400	528	0%	0%		0%
Budget & Treasury							
Furniture and Office Equipment	50	150	13	-1012%	-271%		
Corporate Services							
Computer Equipment	250	720	542	-33%	54%		
Waste Managemnt							
Landfill Site	-	3 080	214	-1337%	100%		
Road Transport							
Computer Equipment	50	50	-	0%	0%		
Electricity							
Electricity Projects	1 740	1 740	-	0%	0%		
Project Management Unit							
MIG Projects	31 701	31 701	28 361				
Other Projects	5 000	1 000	1 872				
Town Halls and Municipal Buildings							
Buildings	1 000	1 500	-				
	39 791	41 341	31 531				

APPENDIX O: Capital Programme by Project by Ward:

Capital Programme by Project by Ward: Year 22/23		
R31 701 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Gxulu Internal Roads	2	Yes
Mthwaku and Dontsa Internal Roads	3	Yes
Toise Internal Roads	5	Yes
Mgwali Internal Roads	9	Yes
Mzamomhle Paving	14	Yes
Khayelitsha Internal Roads	8	Yes
Border Post Internal Roads Phase 2	8	No
Rehabilitation of Lower Kologha Road	13	No
Surfacing of Cathcart Streets	4 and 5	No
Stutteheim Recreational Centre	13	No
Keiskammahoek Recreational Centre	1	No
Revamping of Amahlathi Municipal Offices in Stutterheim	13	No
Mlungisi Sportsfield Phase 2	15	No
Capital Programme by Project by Ward: Year 21/22		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Lower Kologha Internal Roads	13	No
Khayelitsha Internal Roads	8	No
Gxulu Internal Roads	2	No
Border Post Internal Road Phase 1	8	Yes
Surfacing of Cathcart Street	4 and 5	No

Paving of Amatolaville Streets	6	Yes
Rabe Internal Roads/Ngcamngeni	10	Yes
Amabele Internal Roads	9	Yes
Fencing of Cemeteries	1, 4 and 8	Yes
Mlungisi Access Roads	14 and 15	Yes
KKH Fire Station	1	Yes
Nothenga Community Hall	11	Yes
Mlungisi Sportfield Phase 2	15	No
Capital Programme by Project by Ward: Year 20/21		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Gubevu Internal Roads	12	Yes
Sophumelela Internal Roads	1	Yes
Cata Internal Roads	2	Yes
KKH Paving	1	Yes
Gxulu Internal Roads	2	No
Border Post Internal Roads Phase 1	8	No
Fencing of Cemeteries	1, 8 and 4	No
Keiskammahoek Fire station	1	No
Nothenga Community Hall	11	No
Mlungisi Sport field Phase 2	15	No
Surfacing of Cathcart Street	4 and 5	No
Paving of Amatolaville Streets	6	No
Ngcamngeni Access Roads/Rabe	10	No
Amabele Internal Roads	9	No
Mlungisi Access Roads	14 and 15	No
Covid Electricity Repairs	13	No
Capital Programme by Project by Ward: Year 19/20		
Gubevu Internal Roads	12	No
Sophumelela Internal	1	No

Roads		
Mlungisi Access Roads Phase 1	14	Yes
Keiskammahoek paving	1	No
Keiskammahoek Fire Station	1	No
Mlungisi Sport field Phase 2	15	No
Fencing of Cemeteries	1, 4 and 8	No
KKH Paving	1	No
Border Post Internal Roads	8	No
Rabhula Internal Roads	11	Yes
Lower Kologha Internal Roads	13	No
Cata Internal Roads	2	No
Ethembeni Internal Roads	7	No
Nothenga Community Hall	12	No
Khayelitsha Internal Roads	8	No
Capital Programme by Project by Ward: Year 18/19		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Ethembeni Internal Roads Phase 3	7	No
Kei Road Internal Roads	8	Yes
Nothenga Internal Roads	12	Yes
Rhawini Internal Roads	5	Yes
Langdrai Internal Roads	4	Yes
Zingcuka Internal Roads	1	Yes
Rabhula Internal Roads	3	Yes
Cata Internal Roads	2	No
Surfacing Of Mlungisi Access Road Phase 1	14	Yes
Gxulu Internal Roads	2	No
Khayelitsha Internal Roads	8	No
Lower Xholorha Surfacing	13	No

Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Amahlahi Highmast Lights	1 and 5	Complete
Bushpig Sub Station Upgrade	13	Complete
Covid 19 Emergency Electricity Network Repairs	13	In progress 95% Complete
Housing		
Refuse removal		
Storm water		
N/A		
Economic development		
Sports, Arts & Culture		
Mlungisi Sports field Ph1	15	Complete
Mlungisi Sports field Phase 2	15	In progress 85% Complete
Environment		
Health		
Safety and Security		
ICT and Other		
		T O

APPENDIX Q: Service Delivery Backlog experienced by the community where another sphere of government is responsible for service provision.

Services by Sector Departments	Services Implemented/Provided	Service Backlogs
Access to Sanitation	93%	5,9%
Access to Water	89.7%	10.3%
Electricity	85.9%	10,3% (New extensions)
Housing	459	3 172
Refuse Removal	30,8%	69,2%
Roads	18%	82%

ANNEXURE R: COGTA KEY PERFORMANCE INDICATORS**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS
IN THE ANNUAL REPORT FOR 2022/23 FINANCIAL YEAR**

The following is the list of indicators that were agreed upon and on how the performance information should be populated: -

CHAPTER: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT –KPA 1

Annual performance as per key performance indicators in municipal transformation and organizational development.

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	7	5	%	Positions that appeared on 2022/2023 financial year have all been filled except for two positions that are currently on the recruitment process.
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	5	5	100%	All positions that were vacant due to Expired contract and Resignations have been filled.
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	0	0	0	Due to financial constraints no training was conducted for section 57 including Municipal Manager

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
4	Percentage of Managers in Technical Services with a professional qualification	3	0	100%	There are no gaps identified
6	Level of effectiveness of PMS in the LM – (LM to report)	PMS has been cascaded to employees from TG12 and above.			
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5-year term	68	None		Submission was done by 68 Employees and 13 Councillors
8	Percentage of councillors who attended a skill development training within the current 5-year term	None	None		No training has been conducted internally in the current financial year. COGTA and SALGA assisted the municipality with other workshops conducted for councillors in their respective sections as department Portfolio heads
9	Percentage of staff complement with disability	1	3	33.33%	No changes
10	Percentage of female	87		35.94%	1 female employee in electricity department

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	employees				have been appointed and 3 female employees as interns financial management
11	Percentage of employees that are aged 35 or younger	44		16.5%	
12	Adoption and implementation of a District Wide/ Local Performance Management System				

CHAPTER: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)

Annual performance as per key performance indicators in electricity services

	Indicator name	Total number of household/customers expected to benefit. Total House Holds=34159	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	24 269	3 429	20 840	20 840	100
2	Percentage of indigent households	24 269	3 429	24 269	20 840	86

	with access to basic electricity services					
3	Percentage of indigent households with access to free alternative energy sources	24 269	886	886	886	100

Electricity – 2016 Community Survey as per the table above indicates that 92.7% of households at Amahlathi uses electricity for lighting compared to 87.4% calculated in the Census 2011 meaning there is a great improvement of about 5.3%.

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	24 269	14 561	3 000	3 000	100
2	Percentage of road infrastructure requiring upgrade	980 km	487 km	4 km	2 km	50
3	Percentage of planned new road infrastructure actually constructed	980 km	493 km	12 km	12 km	100

4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	R 522 m	R 522m	R 26.2 m	R 26.2 m	100
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Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
	Percentage of households with access to refuse removal services	29 994 House Holds	23 536 households and businesses with access to basic waste. (29 994- 6458 =23 536)	6458 households and businesses with access to basic waste	21,53% in the Amahlathi Municipality (6458 / 29 994 X 100= 21.53%)	Percentage of households with access to refuse removal services 21.53%
2	Existence of waste management plan	<ul style="list-style-type: none"> Integrated Waste Management Plan (2022 – 2027) was approved by Council on the 25th of January 2023 and submitted to DEDEAT for endorsement by the MEC. 				

Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
--	----------------	---	-------------------------------------	---	-------------------------------	---

1	Percentage of households living in informal settlements	4,4%	1527	N/A	N/A	0%
2	Percentage of informal settlements that have been provided with basic services	N/A	N/A	N/A	N/A	N/A
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	57%	19950	N/A	N/A	N/A
4	Existence of an effective indigent policy	There is Indigent policy that has been adopted and it is reviewed annually.				
5	Existence of an approved SDF	Amahlathi Local Municipality Draft SDF has been gazetted in November 2022.				
6	Existence of Land Use Management System (LUMS)	The development of a SPLUMA compliant Wall to Wall Land Use Scheme has been conducted during the 2022/23 financial year.				

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	None	- No new recruitments	0%
2	Percentage of LED Budget spent on LED	None	None	None

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
	related activities.			
3	Existence of LED strategy	LED strategy is under review with the assistance of Cota		
4	Number of LED stakeholder forum meetings held	8	<ul style="list-style-type: none"> - 2 LED Forum meetings - 3 Contractors meeting held. - 4 Agricultural Forum Meeting held. - 2 CTO's and LTO's meetings - 2 Hawkers meeting held. - 3 Cooperative meeting held (Amahlathi with Secondary Co-Op). - 3 meetings Amahlathi Farmers Association 	100%
5	Plans to stimulate second economy	<ul style="list-style-type: none"> -3 business plans developed for 3 cluster towns. - Target 2 twining agreements with Strategic-Institutions in the EC 	<ul style="list-style-type: none"> - Developer for the Keiskammahoek shopping complex has been appointed. - MOU has been concluded with Fort Cox College - Stutterheim Master and Precinct Plan Developed and adopted by Council. - Action plan for Implementation of Stutterheim Master and Precinct Plan developed. 	50%
6	Percentage of SMME that have benefited from a SMME support program	<ul style="list-style-type: none"> -Sub-contracting resolution has been taken by Council and is being implemented - 30% of 	<ul style="list-style-type: none"> - 24 Contractors benefited on subcontracting from Housing Development Agency project implemented at Upper Izele, Bongolethu, Daliwe and Kati-kati. - 9 Contractors benefited on subcontracting of 	80%

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		<p>Amahlathi budget allocated to local SMME's</p> <p>3 trainings conducted for Community Tourism Organisation (CTO) and Local Tourism Organisations (LTO'S)</p> <p>-3 contractors subcontracted and benefited.</p> <p>- 5 farmers to be supported with capacity building</p>	<p>Fibre project by Bongani Telecoms.</p> <ul style="list-style-type: none"> - 2 Contractors benefited on subcontracting on road maintenance project implemented by Department of Transport. - SMME's were trained by DEDEAT, Montheo, & SEDA - 186 SMME's benefited on SMME Support Programms <p>- 55% of Amahlathi budget allocated to local SMME's</p> <p>- 3 training session conducted for CTOs & LTOs</p> <p>- 11 contractors met requirements for subcontracting on Cenyulands and Cenyu Village housing project implemented by the Department of Public Works.</p> <p>-SMME business training by IDC at Mgwali Village</p> <p>- Farmers supported on Capacity building.</p>	

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		4 tourism events attended to provide access to market for Crafters	1 Amahlathi Crafter attended Grahamstown National Art Festival. 1 Amahlathi Crafter attended Macufe Festival. We were supported by Department of Sport Recreation, Arts and Culture	
7	Number of job opportunities created through EPWP	200 CYDP participants (Graduates, Interns, Learners and Apprentices)	382 CYDP participants (Graduates, Interns, Learners and Apprentices)	191%
8	Number of job opportunities created through PPP	n/a	n/a	n/a

CHAPTER: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R 41 341 171	R 34 703 596.45	84%
2		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
3	Salary budget as a percentage of the total operational budget	R110 263 833	R135 165 136	123%
4	(Including Councillor Allowances)	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
5	Total municipal own revenue as a percentage of the total actual budget	R112 607 793	R112 596 526	99.9%
6		Target set for the year	Achievement level	Achievement percentage

		R(000)	during the year R(000)	during the year
7	Rate of municipal consumer debt reduction	10 000 000	R32 643 558	326%
8	Percentage of MIG budget appropriately spent	R31 701 000	R32 318 676.37	102%
9	Percentage of MSIG budget appropriately spent	R 0	R 0	0%
10	AG Audit opinion	Unqualified	Unqualified	
11	Functionality of the Audit Committee	4 meetings	4 meetings	100%
12	Submission of AFS after the end of financial year	31 October 2020	31 October 2020	100%

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No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% war room	12 meetings	12	100%
3	Existence of an effective system to monitor CDWs	Currently there is no tool to monitor CDWs. Only assisting them administratively (i.e. venue and communicating their meetings to relevant stakeholders)		
5	Effectiveness of IGR structural meetings	Amahlathi Political IGR forum meetings sit on a quarterly basis and are led by the Honourable Mayor. All the Executive Committee members of the Council also form part of the forum as required by the terms of reference of the committee. The IGR is currently coordinated in the Office of the MM and is attached to the Office Administrator.		
6	Existence of an effective communication strategy	Communication Strategy adopted by council February 2015, and it is reviewed on an annually basis by reviewing the Communication Action Plan		
6	Existence of an effective communication strategy	Communication Strategy adopted by council February 2015, and it is reviewed on an annually basis by reviewing the Communication Action Plan		
7	Number of mayoral imbizos conducted	2	2	100%
8	Existence of a fraud prevention mechanism	The Internal Audit Unit is conducting Fraud Awareness Campaigns within the municipality on quarterly basis and those awareness programs are included on the Approved Risk Based Internal Audit Plan for 2015/16 financial year. Employees are workshopped on what constitutes Fraud and what they should do when they suspect that fraud is happening within the municipality. The Internal Audit Unit has also developed Fraud Prevention Plan and Whistle-blowing policy for protection of the Whistle blowers. Policy was submitted to the Council and was adopted in April 2015.		

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