

Annual Report
Financial year 2021-2022



HARRY GWALA DISTRICT MUNICIPAL COUNCIL

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VOLUME 1: ANNUAL PERFORMANCE REPORT
VOLUME II: ANNUAL FINANCIAL STATEMENTS
GLOSSARY OF TERMS AND ABBREVIATIONS

| | |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accessibility indicators | Explore whether the intended beneficiaries are able to access services or outputs. |
| Accountability documents | Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports. |
| Activities | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do". |

| | |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adequacy indicators | The quantity of input or output relative to the need or demand. |
| Annual Report | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General. |
| Approved Budget | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive. |
| AR | Annual Report |
| Baseline | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period. |
| Basic municipal service | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment. |
| BDS | Blue Dr.op Status |
| Budget year | The financial year for which an annual budget is to be approved – means a year ending on 30 June. |
| Cost indicators | The overall cost or expenditure of producing a specified quantity of outputs. |
| Distribution indicators | The distribution of capacity to deliver services. |
| DMA | District Management Area |
| DoT | Department of Transport |
| DWA | Department of Water Affairs |
| EXCO | Executive Committee |
| F/Y | Financial Year |
| Financial Statements | Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed. |

| | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GAMAP | Generally Accepted Municipal Accounting Practice |
| GDS | Green Dr.op Status |
| General Key performance indicators | After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally |
| GRAP | Generally Recognized Accounting Practice |
| HR | Human Resources |
| IGR | Inter-Governmental Relations |
| LED | Local Economic Development |
| LGSETA | Local Government Sector Education and Training Authority |
| MDG | Millennium Development Goals |
| MFMA | Municipal Finance Management Act |
| MSA | Municipal Systems Act, 32 of 2000 |
| MTAS | Municipal Turn Around Strategy |
| NTP | National Transferee Programme |
| PMS | Performance Management System |
| RPMS | Regulatory Performance Management Systems |
| SDL | Skills Development Levy |
| HGDM | Harry Gwala District Municipality |
| VAT | Value Added Tax |
| WSDP | Water Services Development Plan |
| WSMP | Water Services Master Plan |
| WSP | Workplace Skills Plan |
| | |

The purpose of this Annual Report

- To provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- To provide a report on performance in service delivery and budget implementation for the financial year;
- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- To reduce the additional reporting requirements that will otherwise arise from Government department, monitoring agencies and financial institutions.

CHAPTER 1– Mayor’s Foreword and Executive Summary

COMPONENT A

The Harry Gwala District Municipality’s vision is “to be a leading Water Services Provider in the KZN Province with its communities benefitting from a vibrant agriculture and tourism sector by 2030”. The mission of the district is to work together with

communities and all stakeholders to ensure the provision of clean, drinkable uninterrupted water services and proper sanitation facilities as well as to improve its agriculture and tourism sectors to enhance human dignity. The 2020/2021 financial year, the municipality experienced several financial challenges which have compromised the Municipality's ability to perform some of its deliverables. The legacy of our dysfunctional billing system coupled with the prevalent culture on non-payment by some residents for municipal services rendered is a major contributor to our financial situation.

In order to realise this long term vision, on an annual basis as a municipality we set strategic objectives and goals which are intended to be used as building blocks towards our vision. Our strategic objectives are clear and achievable although we have been hindered severely by the pandemic COVID 19 towards the end of this financial year. There was no budget for this pandemic but the district worked very hard to curb the curve, therefore my office will forever be grateful for the hard work done by our frontline employees and our Technical Command Team, not forgetting to pass sincere condolences to those who lost their loved ones due to the pandemic. I also appreciate COVID 19 grant received from COGTA, it made a great difference in the procurement of PPEs. These strategic objectives cater for Basic Service Delivery, Municipal Transformation and Institutional Development, Good Governance and Public Participation, Local Economic Development and Social Development and Cross Cutting Issues.

In addition to the ongoing work aimed at giving effect to the vision, I have taken personal responsibility to embark on a project inspection task with a focus on projects in progress and malfunctioning water supply schemes. In this endeavour I am joined by the Municipality's Technical Team, Project Managers, Consultants and Contactors to ensure accountability and accurate reporting of progress and challenges that are being experienced. This monitoring and evaluation exercise has assisted the municipality to see gaps and have provided remedial strategies. It is important to acknowledge that water remains a basic resource that is fundamental to improve the quality of life for all citizens, and equally critical to our economy.

Illegal water connections in some of the areas continue to cause a serious challenge to service delivery and unless we take drastic measures, our efforts to ensure uninterrupted water supply to communities will remain compromised. In a number of occasions, the abnormal demand for water, as a result of unauthorised connections, result of some of our water systems being overworked. This, amongst other things,

cost the municipality financially and tend to also cause social unrest. As we work around the clock to try and address water and sanitation issues, we request all stakeholders to become active partners and reflect on our shared responsibility to use water more sparingly and also report any suspicious and illegal water connections.

Our focus as an institution is guided and driven by the Integrated Development Plan (IDP), which is developed initially as a five (5) year plan (aligned to the current term of office). This is revised and updated annually while taking current resources (detaining annual strategy objectives) into account. The strategic goals and priorities are then translated into the Service Delivery and Budget Implementation Plan (SDBIP) where the municipality develops the indicators and targets attached to each Executive Director with allocated resources and cascaded into the strategic and operational plans of all directorates and related employee's scorecards. By doing so, it is ensured that every effort at any point in time is constantly being made to achieve the required targets and desired outcomes.

As many Municipalities in the country we are also experiencing the challenges of Unemployment, Poverty and inequality. Our struggle is based on overcoming the triple challenge of poverty, unemployment and inequality. This is a continuous process which we commit to address in our planning in every financial year. In our efforts to address that, there were a number of issues that needed to be considered so as to enable the environment and place suitable measures in place.

Despite the challenges, the Municipality have made a remarkable progress in-roads towards extending water and sanitation services to communities who had no access to these services. Our ongoing task is to work tirelessly in accelerating and mobilizing our resources towards our core function which is water and sanitation services to our community services. We are determined to overcome whatever challenges we encounter along the way in pursuit of this noble course.

The people of Harry Gwala District Municipality expect the municipality to provide an uninterrupted water and sanitation services which requires full cooperation of our residence towards the payment of municipal services. We are making all strides towards mitigating risks, improvement of our billing system, improvement of our water infrastructure and bettered municipal financial management.

I wish to extend a word of appreciation to the Political Leadership, Stakeholders and Staff led by the Municipal Manager for ensuring stability in political and administrative day-to-day work within our District Municipality.

The Municipality will continue to make improvements where and when necessary so as to improve on service delivery and in changing the lives of the people for the better.

Conclusion: The collective leadership of this municipality will continue to ensure that the municipality is providing and delivering on its mandate of delivering services to people of Harry Gwala and the surrounding areas. We will ensure that we perform our oversight task and the management is committed in implementing Council resolutions and policies.

Yours in development,

I thank you

The Honorable Mayor

Cllr Z.D Nxumalo

HARRY GWALA DISTRICT MUNICIPALITY

MUNICIPAL MANAGER'S FOREWORD

COMPONENT B:

LEGISLATIVE FRAMEWORK

The Constitution of the Republic of South Africa, Act No. 108 of 1996, established three distinct spheres of government that being the National, Provincial and local sphere, with the local government sphere holding the responsibility to be independent and responsive to its communities to guarantee positive continuation of the provision of services in an equitable manner, along with good governance and administration. The inclusion of budgeting, reporting and planning, results in transparency, accountability and openness to the communities at large. In keeping with the intention to be developmental in accordance to the White Paper, local government has to remain committed to improving the quality of life of its citizenry and putting people first, as contemplated in the Batho Pele Principles.

In order to facilitate transparency, Section 121 of the Municipal Finance Management Act (MFMA) promotes sound financial management in stipulating the requirement to report annually for each fiscal year, on municipal objectives, activities, budgetary results that have been achieved and to demonstrate transparency to external stakeholders. Financial and non-financial information is imbedded in the Annual Report to allow for reporting, monitoring and assessment of the overall service delivery output of the District Municipality. The financial stability and capacity of the municipality requires that financial information must be accurate and substantial to the demand by the resource providers. The Accounting Officer with his Management are therefore entrusted with reporting on the overall management of the resources of the municipality.

This Annual Report will provide a reporting platform for the Harry Gwala District Municipality to reflect on its performance during the financial year 2021/2022 and also to create a means of communicating performance to all the relevant stakeholders, with particular care and emphasis to the direct community that is being served, by outlining a record of activities undertaken within an effort to promote accountability for the decisions that were made during the course of the financial year. Public disclosure of municipal operations is what gives purpose to the Annual Report as it is issued to shareholders and stakeholders that have a varying degree of interest and intention and are able to utilize it to evaluate the District Municipality in order to ultimately make good investment decisions. Actual service delivery and forecast service delivery determine how well the municipality has performed during the financial year under

review in terms of the ability to plan for the growth and development of the municipality.

STATUS QUO OF THE CURRENT STATE OF AFFAIRS, BASIC SERVICE DELIVERY, CHALLENGES AND ACHIEVEMENTS

Harry Gwala District Municipality aspires to be a leading Water Services Provider in 2030 and Infrastructure development is a critical factor that will create an enabling situation for the municipality to advance in reaching its vision and goal to provide clean potable water to all that reside within its area of jurisdiction. Unemployment at the District is a force that needs to be reckoned with, which is why education bursaries have been offered to needy students particularly within the field of engineering and water management.

Dilapidated infrastructure has had a negative impact on the District's billing and collection, however, a number of planned bulk infrastructure projects that are funded by grants are under implementation, which is a step in the right direction and progress in the quest for the achievement of the supply of water and sanitation to communities.

The liquidity analysis of the municipality shows that the liquidity ratio has improved from the past five years and the collection rate from consumers has increased which provides a visible improvement in revenue collection from the 2021/2021 to the 2021/2022 financial years. The municipality needs to continue with cost containment measures so as to ensure a position change in the liquidity position.

Organizational development points towards a positive trajectory as all posts in the Senior management echelon have been filled and most of the budgeted vacant posts, however, insufficient funding reflects a downturn when it comes to filling all the vacant positions. This has led to the municipality not being able to adequately meet certain performance targets.

During the financial year 2021/2022, the District municipality obtained an unqualified audit opinion. Committees of Council were established successfully and remain operational. The municipality has established Risk Management Committees as guided by the approved risk management strategy. Municipal supply chain management is in place in line with the provisions of the municipal supply chain management policy. A budget and reporting unit has been established to ensure that budgeting processes are implemented correctly and timeously. The Internal Audit unit is functional.

A revenue enhancement strategy that was adopted by council is implemented and reviewed annually. With regards to billing communities on the consumption of water, there is a growing need to improve the integrity of the data base of water consumers.

As a Water services provider, the review of the Water services development plan was accomplished during the reporting financial year. Awareness campaigns were undertaken by the Water Services department to provide knowledge to communities on water conservation, health and hygiene, vandalism of water services infrastructure, revenue enhancement and prepaid meter awareness. The Customer care services unit assists the municipality considerably in informing customers prior to purchasing available services. The benefit of customer care has reaped the fruits of increased revenue collection, however, a lot of improvement still needs to be acquired so as to reach optimal levels of collection. Umgeni water is the accredited water testing laboratory that has been contracted by the District to monitor water quality and waste water quality, which is done on a regular basis and reported to the department of water and sanitation (DWS) on a monthly basis. The District is prone to Disaster incidents that are man-made and natural, such as strong winds, heavy rains, floods, thunderstorms with lightening, snowfall and wild fires. Most incidents are seasonal in nature. The Disaster management at the district, working together with its local municipalities strive to attend to incidents timeously, within an effort to assist and rescue community members who have been affected.

The Harry Gwala District Annual report provides a true reflection of how the municipality strives to attend to continuous service delivery. In conclusion, a word of gratitude is extended to our municipal leadership, Council, the Executive Committee, Portfolio Committees, Senior Management, officials and the communities that we serve.

I Thank you.

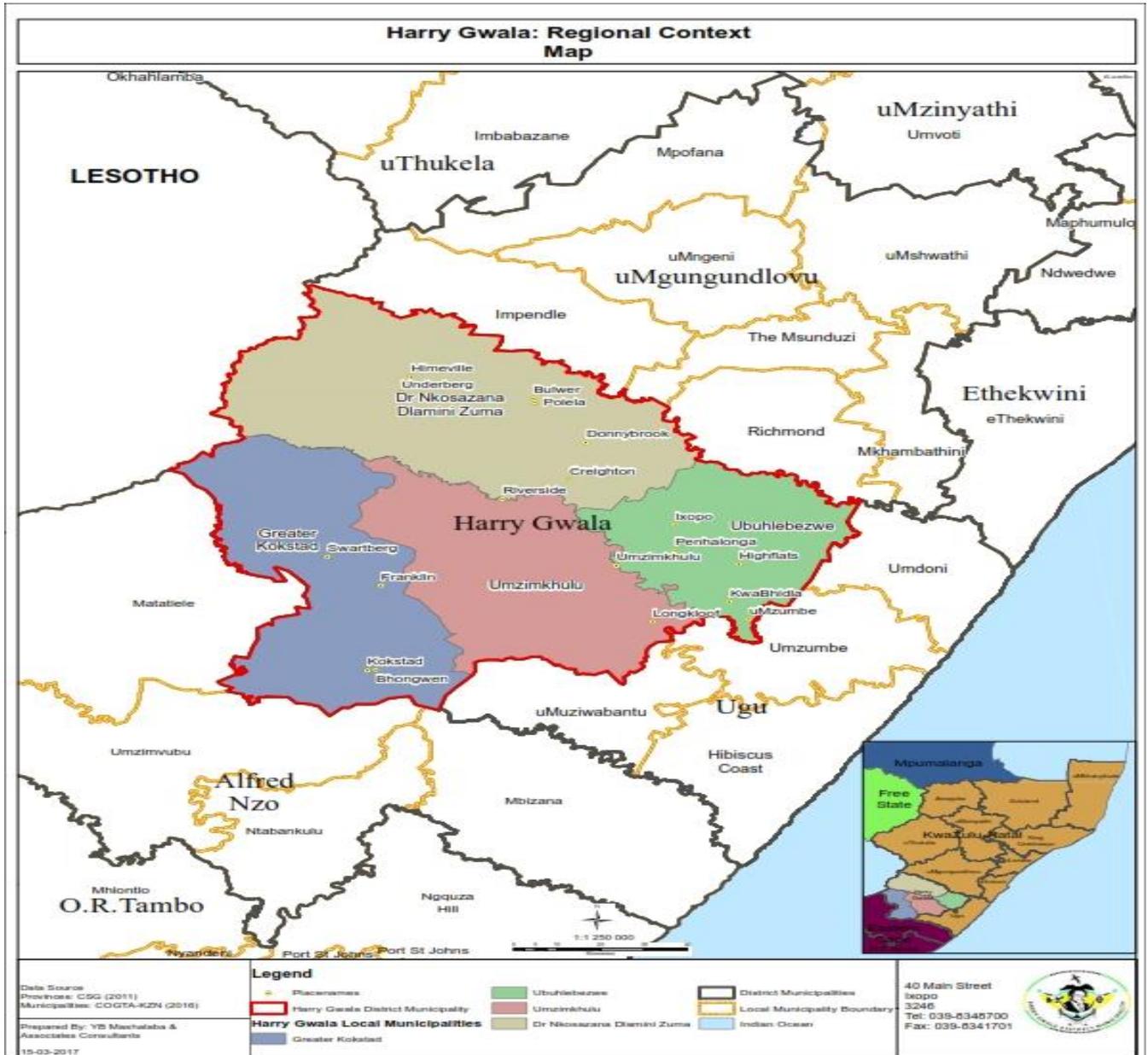
MUNICIPAL MANAGER
MR. G. M. SINEKE

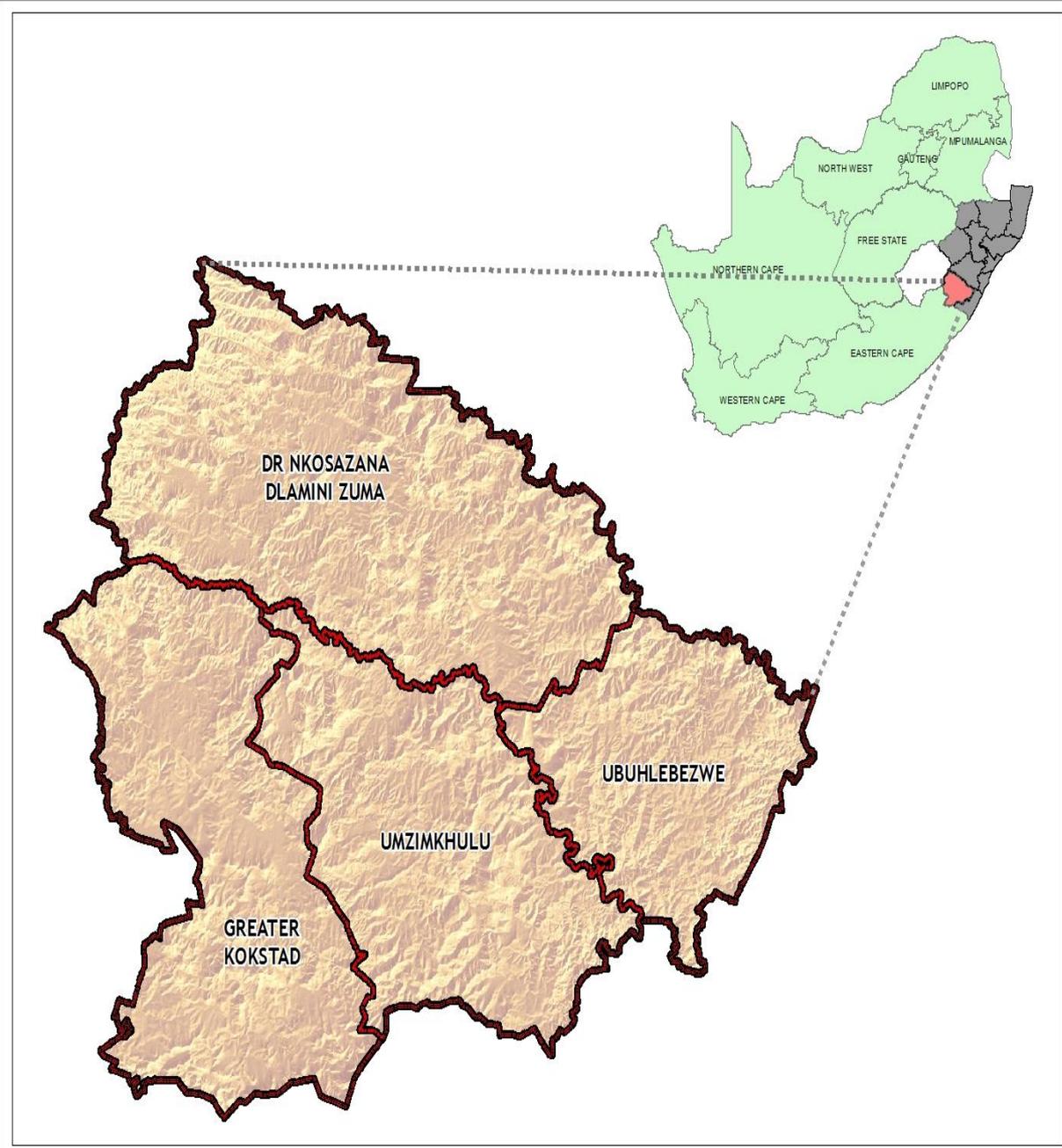
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Harry Gwala District Municipality is located to the South West of the KwaZulu-Natal province. Its population is sparsely spread throughout an area of 11 127. 89997 square kilometers. The Harry Gwala District municipality forms part of the border between KwaZulu-Natal and Eastern Cape Province. The Harry Gwala District Municipality (DC43) is composed of the following four local municipalities: UBuhlebezwe; Dr. Nkosazane Dlamini Zuma; Greater Kokstad and UMzimkhulu.

Provincial Location Context

The Harry Gwala District Municipality is one of the ten District Municipalities that forms part of the KwaZulu-Natal Province. It is located at the extreme south of the Province. The Harry Gwala District Municipality is bordered by the following District Municipalities: UThukela to the North; UMgungundlovu to the North East; Alfred Nzo and Ugu to the South East. The location of the District in relation to the aforesaid District municipalities means that, any planning and development-taking place in each District will have an impact on the neighboring Districts. It is therefore imperative to align planning and development activities between the Harry Gwala District Municipality and the respective District Municipalities.





HARRY GWALA DISTRICT SPATIAL DEVELOPMENT FRAMEWORK

HGDM Geographical Context

Legend

- Harry Gwala District
- Local Municipalities

0 5 10 20
Kilometers

40 Main street
Jopu
3270
Tel: 039-834 8700
Fax: 039-834 1700
Website: www.harrygwala.dmgov.za

UMZIMKHULU LOCAL MUNICIPALITY

This local municipality is located in the southern part of the district. The area covers 2 435km² with 22 wards. The majority of the households are headed by women and youth. Youth programmes are essential in this area as well as programmes that will target women.

DR. NKOSAZANA DLAMINI ZUMA LOCAL MUNICIPALITY

This municipality came into being in 2016 as a result of amalgamation between Ingwe and KwaSani local municipalities. It is located in the northern to northeast part of the district and consist of 15 wards, with the main towns being Underberg; Bulwer; Donnybrook and Creighton.

UBUHLEBEZWE LOCAL MUNICIPALITY

This is the home town of the District municipality. It is located in the eastern parts of the district. Ixopo is the main town within the municipality. It consist of 14 wards that span across approximately 1 604 km².

GREATER KOKSTAD LOCAL MUNICIPALITY

This local municipality is located in the western part of the district and is approximately 2 679km², making it the largest municipality in the district. It consist of 10 wards and the main towns are Franklin and Kokstad.

DEMOGRAPHIC PROFILE

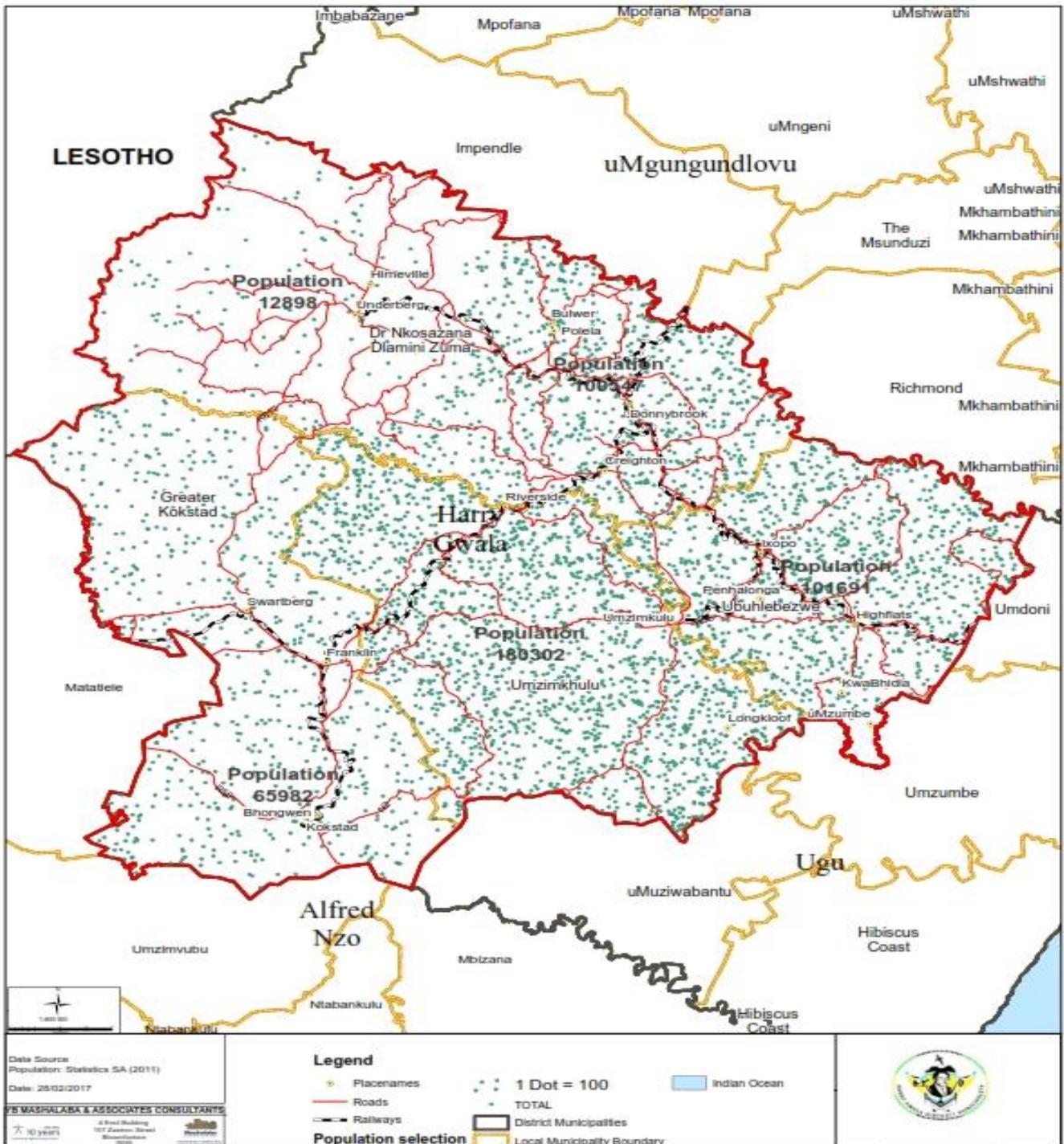
The Harry Gwala District Municipality (DC43) is one of the ten District Municipalities in KwaZulu-Natal Province and is located South-West of the province. The District Municipality forms part of the border between KwaZulu-Natal and Eastern Cape Province. The municipality area size is 10 618.0 km² and the population spread is 48.1 people per square kilometer. Key rivers in the district are the UMzimkhulu and Umkomaas rivers.

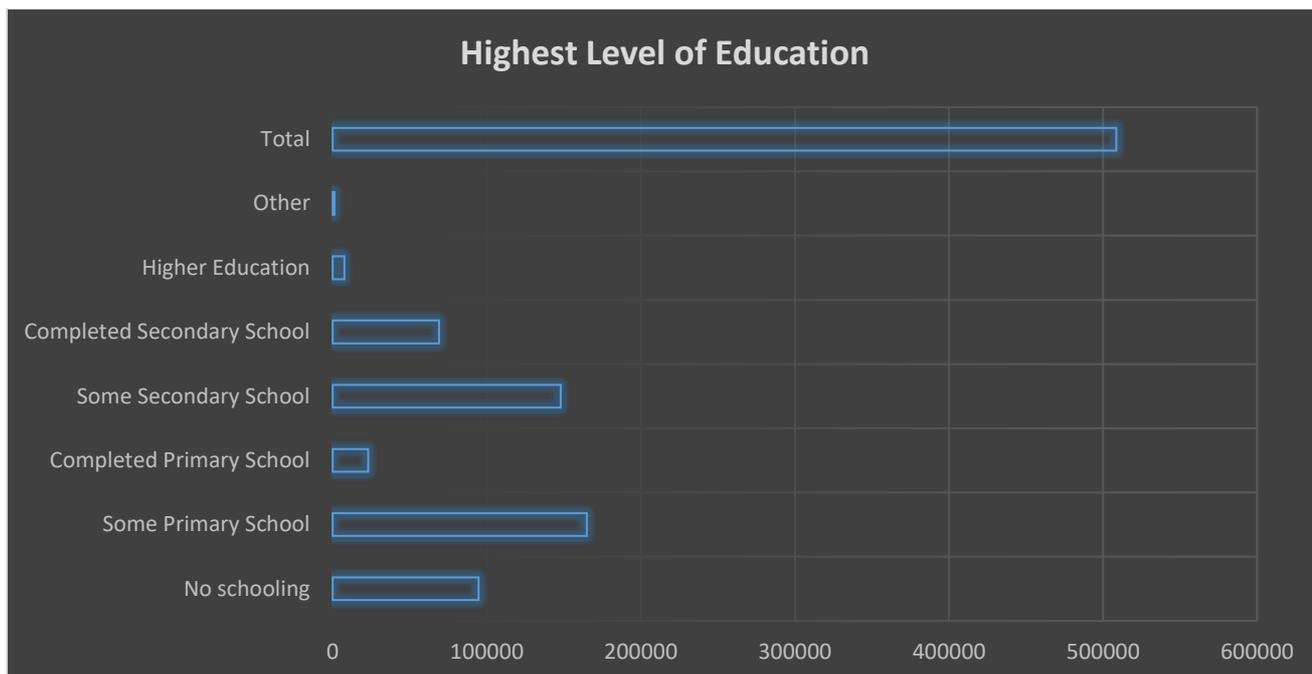
Population gender number of wards per local municipality

| Municipality | Male | Female | Total | Number of wards | No. of Households |
|-----------------------------------|--------|--------|---------|-----------------|-------------------|
| Harry Gwala District Municipality | 239582 | 271284 | 510 865 | 62 | 122 973 |

| | | | | | |
|----------------------------------------------|-------|--------|--------|----|--------|
| | | | | | |
| Greater Kokstad Local Municipality | 36878 | 39875 | 76753 | 10 | 17 842 |
| UBuhlebezwe Local Municipality | 55513 | 62834 | 118347 | 14 | 26 801 |
| UMzimkhulu Local Municipality | 90459 | 106827 | 197280 | 22 | 49 616 |
| Dr Nkosazana Dlamini Zuma Local Municipality | 56732 | 61748 | 118480 | 15 | 28 714 |
| | | | | | |

Harry Gwala: Population Distribution Map





Source: Stats SA Survey 2016

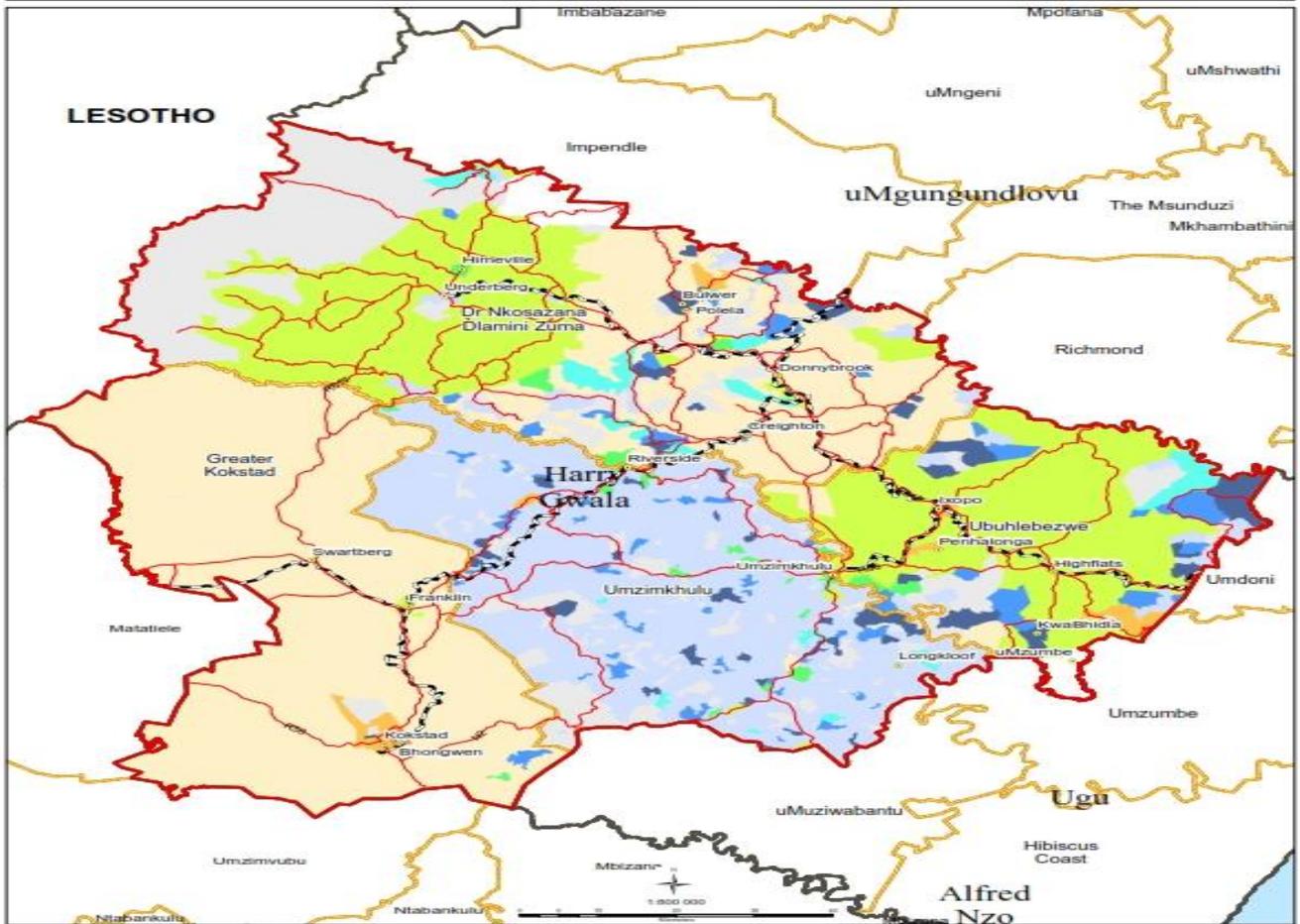
Official unemployment rate in KZN and Harry Gwala

| AREA | PERCENTAGE |
|-------------------------------------------|------------|
| KwaZulu-Natal | 26.1% |
| Harry Gwala District municipality | 27.4% |
| Greater Kokstad local municipality | 18.7% |
| UBuhlebezwe local municipality | 25.2% |
| UMzimkhulu local municipality | 34.9% |
| Nkosazana Dlamini-Zuma local municipality | 22.6% |

Source: Stats SA Survey 2016

Unemployment in Harry Gwala is higher by 1% from that of the Province. KwaZulu Natal is at 26.1% and Harry Gwala DM is at 25.4%. This is an indication that more work still needs to be done in terms of working together will private businesses to create employment, but of critical importance is to create a conducive environment where business can flourish. More money over the next five years will be invested in infrastructure development as one critical factor that will boost economic development in the district.

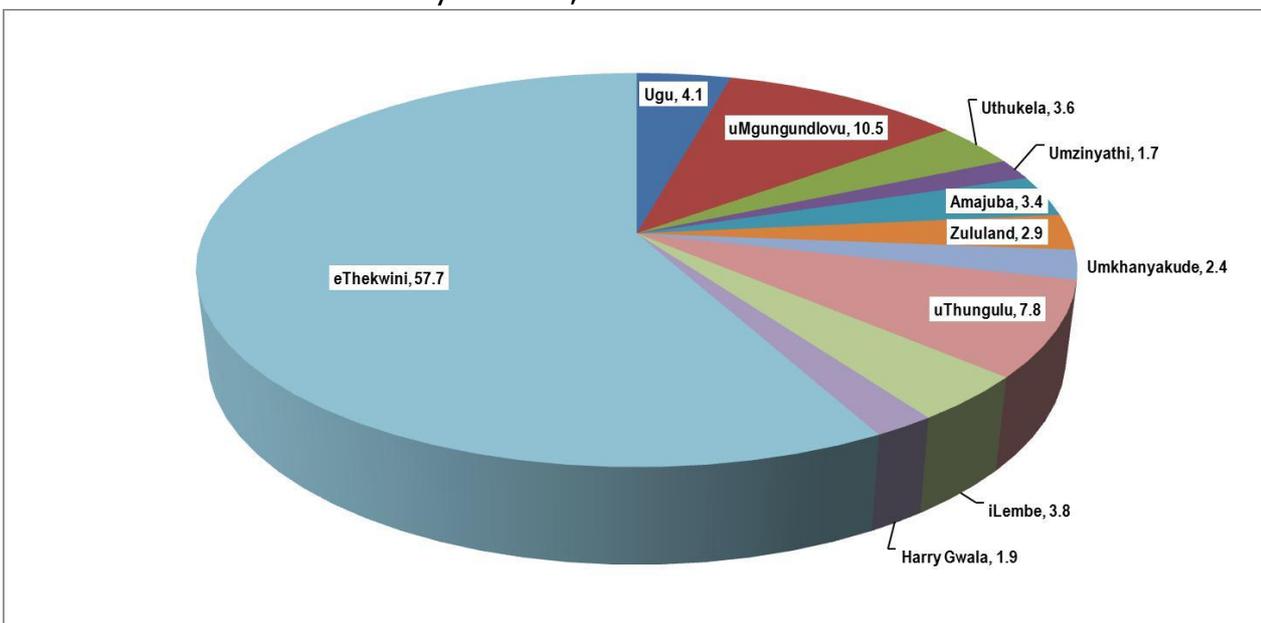
Harry Gwala: Rate of Unemployment



| | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--|
| <p>Date Source Unemployment: Statistics SA, (2011)</p> <p>Prepared By: YB Mchabela & Associates Consultants 15-03-2017</p> | <p>Legend</p> <ul style="list-style-type: none"> Place names Roads Railways Harry Gwala District Municipality District Municipalities | <p> Local Municipality Boundary</p> <p>Unemployment 2011 No. of People Unemployed (2011)</p> <ul style="list-style-type: none"> 15 - 39 39 - 95 95 - 102 102 - 147 147 - 225 225 - 309 309 - 405 405 - 852 852 - 3420 Indian Ocean | <p>40 Main Street Isipho 3246 Tel: 035-0345700 Fax: 035-0341701</p> | |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--|

The labor force table above reveals that out of over 500 000 population that resides in Harry Gwala approximately 81 381 is employed by either formally or informally. And the majority of those that are unemployed is the youth between the ages of 14 and 34. This indeed is a worrying factor for the District, but as mentioned in the paragraphs above the District has embarked on a number of programs to assist in this situation, from offering bursaries to needy students to go study at various institutions and has encouraged learners to pay more attention on rare skills like engineering and recently in 2013 a significant number of medical students have been sent to Cuba to study medicine and are expected to complete their degrees in the 2019-2020 financial year.. Most of the youth programs are further narrated in chapter 3 of this document.

Provincial GDP contributions by districts, 2015



Source: Global insight, 2016

KZN is the second largest contributor to the South African economy in terms of regional gross domestic product (GDP-R). The estimated real GDP-R generated by the province amounted to approximately R488.1 billion in 2015, making KZN the second largest contributor to the national output (16 percent), after Gauteng with 36.1 percent and slightly above Western Cape at 13.8 percent. Given the economic activities that take place within eThekweni Metro, it is therefore not surprising that the total provincial output is predominantly concentrated in the metro at 57.7 percent. This is followed by uMgungundlovu District at 10.5 percent and uThungulu at 7.8 percent. The least contributing districts are UMzinyathi, Harry Gwala and UMKhanyakude Districts at the estimated rates of 1.7 percent, 1.9 percent and 2.4 percent respectively.

Households involved in agriculture by category

| | Greater Kokstad Local Municipality | UBuhlebezwe Local Municipality | UMzimkhulu Local Municipality | Dr. Nkosazane Dlamini Zuma Local Municipality |
|-----|------------------------------------|--------------------------------|-------------------------------|-----------------------------------------------|
| Yes | 25836 | 67911 | 96278 | 60928 |
| No | 50917 | 50435 | 101008 | 57552 |

Source: Stats SA Survey 2016

1.3 SERVICE DELIVERY OVERVIEW

The municipality is proud to indicate the achievements in chapter 3 of this Annual Report in relation to the implementation of all the planned bulk infrastructure projects, particularly those that are funded by grants.

Water Services Development Plan (WSDP) is the umbrella framework for the provision of water and sanitation services plans. It addresses the full spectrum of water supply and sanitation services. Over and above that, HGDM ensures the alignment of policies, legislation and strategies. Some of the strategies outlined in a WSDP are free basic services strategy, water resources strategy and national water strategy.

| Municipality | Number of Households | Water Served Households (2020/2021) | Water Backlogs Households (2020/2021) | Percentage of Water Backlogs (2020/2021) |
|-----------------------------------------------|----------------------|-------------------------------------|---------------------------------------|------------------------------------------|
| uBuhlebezwe Local Municipality | 26 231 | 15 561 | 10 670 | 41 % |
| UMzimkhulu Local Municipality | 48 641 | 32 473 | 16 168 | 33 % |
| Greater Kokstad Local Municipality | 15 214 | 11 398 | 3 816 | 25 % |
| Dr. Nkosazana Dlamini Zuma Local Municipality | 29 983 | 14 886 | 15 097 | 50 % |
| Harry Gwala District Municipality | 120 069 | 74 318 | 45 751 | 38 % |

2020-2021 Access to Water Services

| Municipality | Number of Households | Sanitation Served Households (2021/2022) | Sanitation Backlogs Households (2021/2022) | Percentage of Sanitation Backlogs (2021/2022) |
|-----------------------------------------------|----------------------|------------------------------------------|--------------------------------------------|-----------------------------------------------|
| uBuhlebezwe Local Municipality | 26 231 | 23 030 | 3 201 | 12 % |
| UMzimkhulu Local Municipality | 48 641 | 28 775 | 19 866 | 41% |
| Greater Kokstad Local Municipality | 15 214 | 15 241 | 0 | 0 % |
| Dr. Nkosazana Dlamini Zuma Local Municipality | 29 983 | 23 800 | 6 183 | 21 % |
| Harry Gwala District Municipality | 120 069 | 310 | 29 250 | 24 % |

CHART: 2021-2022 Access to Sanitation Services

1.4 FINANCIAL HEALTH OVERVIEW

LIQUIDITY ANALYSIS: The liquidity analysis of the municipality shows great improvement from the past 5 years which is 2017/18 financial year to 2021/2022, the positive improvement in the ratio is due to a higher positive balance of cash and cash equivalents as well as VAT receivable at year end. Although this ratio was still below the norm of R2 of current assets for every R1 of current liabilities, the 100% improvement in this ratio is concrete evidence on improving financial health of the municipality.

COLLECTION: Collection amount has decrease from R51m in 2018/2019 to R48.4m in 2019/2020 and in 2020/2021 increase to R 56, 2m. There is regression in revenue collection in the year 2019/2020 and shows the improvement in 2020/2021 to 2021/2022 financial year. There is a revenue strategy that the municipality is implementing as well as cleansed consumer data due to COVID 19 resulting in the municipality not to fully implement its credit control policy. The dilapidated infrastructure has negative impact on our billing and collection.

| Details | Original Budget | Adjustment Budget | Actual |
|-----------------|------------------------|--------------------------|---------------|
| Service charges | R 69 421 547 | R 61 062 648 | 61 552 755 |
| Interest | R 15 790 867 | R 15 129 827 | 16 276 109 |
| Other Income | R 549 378 | R 849 764 | R 794 450 |
| Grants | R 698 664 000 | R 765 664 000 | R 778 579 717 |
| Sub-Total | R 784 425 792 | R 842 706 239 | R 857 203 031 |
| Expenditure | R 884 877 546 | R 953 506 773 | R 894 684 403 |
| Net Total | R -100 451 754 | R -110 800 534 | R -37 481 372 |

| Operating Ratios 2021-2022 | |
|-----------------------------------|-----|
| Details | % |
| Employee Cost | 39% |
| Repairs and Maintenance | 1% |
| Finance Charges and Impairment | 0% |

| TOTAL CAPITAL EXPENDITURE: Year-2 to Year 0 | | | |
|----------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Detail | Year-2 (2021/22) | Year-1 (2020/21) | Year 0 (2019/20) |
| Original Budget | R 307 283 480 | R 271 221 430 | R 282 704 043 |
| Adjustment Budget | R 328 317 608 | R 335 542 357 | R 267 990 668 |
| Actual | R 328 229 117 | R 291 764 767 | R 233 043 490 |

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five-year Integrated Development Plan.

| DEPARTMENT | FUNCTIONS |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Office of the Municipal Manager | The functional areas of this department are, namely: Internal Audit; Risk Management; and Legal Services. |
| Budget and Treasury Department | The functional areas of this department are, namely: Income; Expenditure; Budget & Information Systems; and Supply Chain Management. |
| Corporate Services Department | The functional areas of this department are, namely: Administration; Council Support; Human Resource; Information Communication & Technology; and Strategic Support. |
| Social Services and Development Planning Department | The functional areas of this department are, namely: Sport and Recreation; Special Programs; Planning and Development; Social Service; Disaster Management; and Integrated Planning & Performance Management. |
| Infrastructure Services Department | The functional areas of this department are, namely: Municipal Works; Project Management; and Technical Services. |
| Water Services Department | The functional areas of this department are, namely: Operations & Maintenance; Water Governance; and Customer Care. |
| | |

In the 2021/2022 financial year, the municipality has witnessed the following successes:

- Filling of all Senior Management.
- Filling of most budgeted vacant positions.
- Full staff complement of the Information and Communication Technology Unit.
- Information and Communication Technology policies were approved and implemented.
- Functional Audit Committee.
- Functional Local Labour Forum.

While witnessing the fore stated successes, the encountered challenges outweigh them. The challenges that have been noted are as follows:

- Insufficient funding for filling the vacant positions.
- Huge amounts of overtime paid especially to Water Services employees due to insufficient funding for vacant positions.
- Insufficient funding for capacity building (training and bursaries).
- Poor capacity of the Municipal Public Account Committee.
- Longer period taken to fill in budgeted vacant positions especially during the period of COVID-19.
- Inadequate office accommodation and parking for Councillors and Employees.
- Lack of funding for employee compounds for Water Services employees.
- Inability to meet certain performance targets due to insufficient funding.

The Delegations of Authority were reviewed and are awaiting adoption. The Council, Office of the Mayor, Office of the Deputy Mayor and the Office of the Speaker have been delegated powers. Each Committee of Council has also been delegated powers within which it will perform its functions and all Senior Managers including the Municipal Manager have also been delegated powers by Council.

1.6 AUDITOR GENERAL REPORT

In the financial year 2020-2021 Harry Gwala District Municipality obtained an unqualified audit opinion from the Auditor General of South Africa. The following are some of the matters raised by the Auditor General:

Restatement of corresponding figures

1. As disclosed in note 41 to the consolidated and separate financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the group at, and for the year ended 30 June 2021.

Material impairments – consumer debtors

2. As disclosed in note 7 to the consolidated and separate financial statements, the municipality recognised a provision for impairment of R204,32 million (2019-20: R169,94 million) as the recoverability of these amounts was doubtful.

Material losses – water

3. As disclosed in note 49 to the consolidated and separate financial statements, material water losses of R6,56 million (2019-20: R9,55 million) were incurred by the municipality, which represented 28% (2019-20: 31%) of total water purchased. These losses were due to the high increase in water carting due to Covid-19, ageing infrastructure, informal settlements around the district that have water connections but were not billed and illegal connections especially in rural areas and informal settlements.

1.7 STATUTORY ANNUAL REPORT PROCESS

Section 127 of the Municipal Finance Management Act, sets out that:

“... the mayor of a municipality must, within seven months after the end of financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control.” [Section 127(2)]

“... the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.” [Section 127 (5) (b)]

“... the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report...” [Section 129(1)]

“... the accounting officer must submit copies of the minutes of the meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.” [Section 129(2)(b)]

STATUTORY ANNUAL REPORT PROCESS TABLE

| No. | Activity | Timeframe |
|-----|----------|-----------|
|-----|----------|-----------|

| | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 1 | Consideration of next financial year's process plan. Except for the legislative content, the process plan will confirm in year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the IDP/Budget implementation period | July |
| 2 | Implementation and monitoring of approved budget and IDP comments (In-year financial Reporting) | |
| 3 | Finalize the 4th quarter report for previous financial year | |
| 4 | Submit Annual Report to Internal Audit and AG | |
| 5 | Municipal entity submit Draft annual report to MM | |
| 6 | Audit Committee considers Draft annual report of municipality and the entity | August |
| 7 | Mayor tables the unaudited Annual Report | |
| 8 | Municipality submit Draft Annual Report including consolidated annual financial statements and performance report to the AG | |
| 9 | Annual Report as submitted to AG to be provided as input to the IDP analysis phase | August |
| 10 | AG audits Annual Report including consolidated AFS and Performance data | |
| 11 | Municipality receive and start to address the AGs comments | September/October |
| 12 | Mayor tables AR and audited financial statements to council complete with the AGs report | |
| 13 | Audited AR is made public and representation is invited | |
| 14 | Oversight committee assess the AR | |
| 15 | Council adopts oversight | November |
| 16 | Oversight report is made public | |

| | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------|----------|
| 17 | Oversight report is submitted to relevant provincial council | December |
| 18 | Commencements of Draft Budget/ IDP finalization for next financial year. Annual Report and oversight report to be used as inputs. | January |

1.3.5 AUDITOR GENERAL REPORT

In the 2019-2020 the municipality got an unqualified audit opinion from the Auditor General. A more detailed report is available in the 2019-2020 Annual Report placed in the municipal website at www.harrygwalmunicipality.gov.za

CHAPTER 2 – GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121 (2)(c) of the MFMA supports the requirements of this Section 18 (1) (d) of the MSA. Information on matters of governance should be communicated to communities. This should, according to Section 65 (1) (a) of the MFMA and of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such Annual Report is to promote accountability to communities for decisions taken by Council and matters relating to administrative structures, throughout a financial year. Nine major characteristics should be applied within the political and administrative structures of a municipality/ municipal entity to ensure good governance.

Participation:

Participation could either be direct or legitimate intermediate institution or representatives.

Rule of law:

Good governance requires legal frameworks that are enforced impartially

Transparency:

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

Responsiveness:

Good governance requires that institutions and processes try serve all stakeholders with a responsible time frame.

Consensus oriented:

Governance requires mediation of the different interests in society to reach consensus in society on what is in the interest of the whole community and how this can be achieved.

Equity and inclusiveness:

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

Effectiveness and efficiency:

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

Accountability:

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

Sustainability:

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

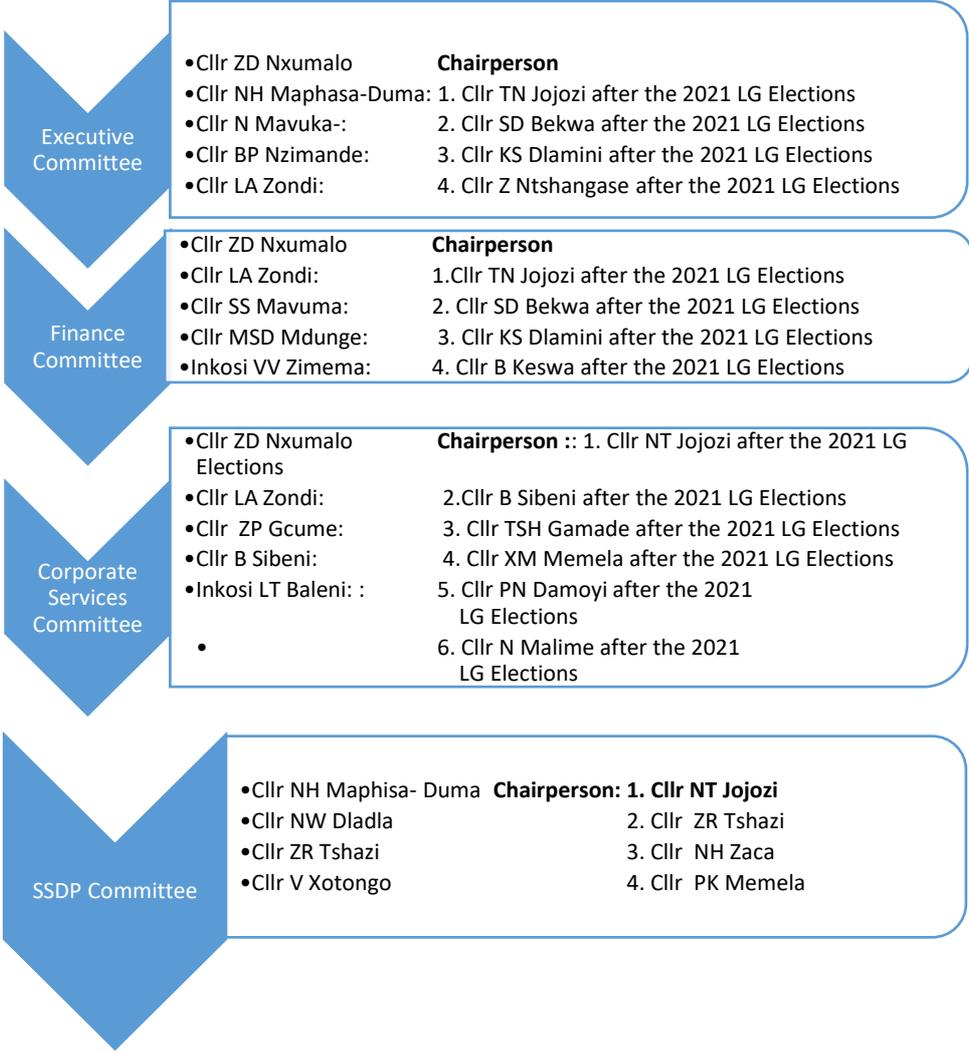
COMPONENT A: POLITICAL GOVERNANCE STRUCTURE AND ADMINISTRATIVE GOVERNANCE STRUCTURE

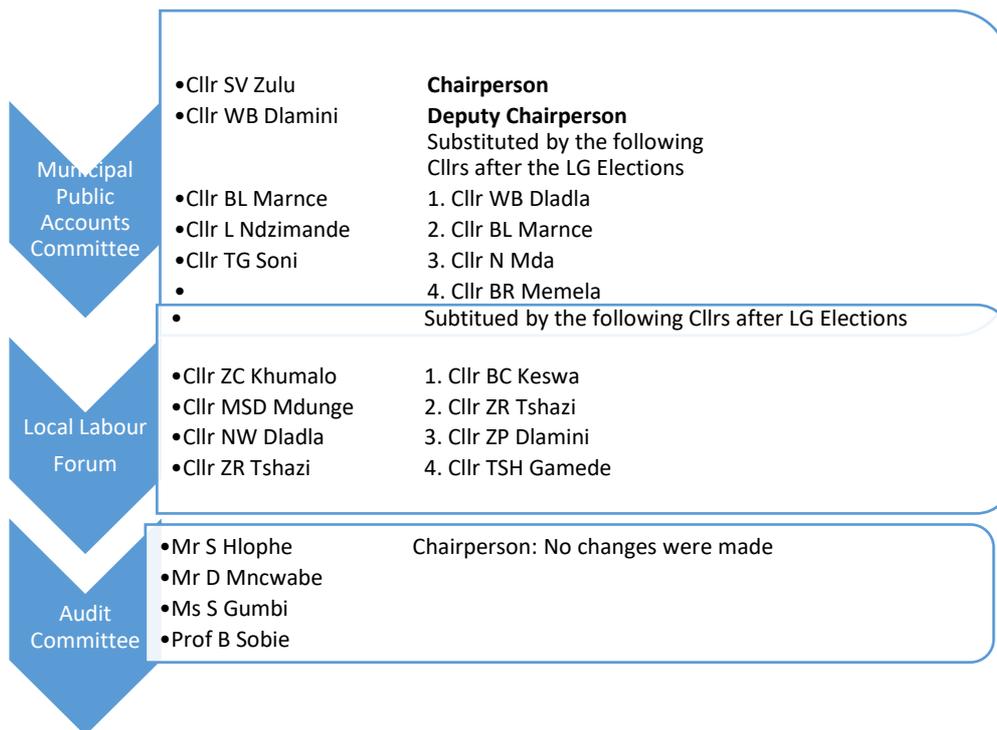
POLITICAL GOVERNANCE STRUCTURE

HGDM established and appointed Committees in terms of Section 79 and 80 of the Local Government Municipal Structures Act, No. 117 of 1998. These Committees have been established for the effective and efficient performance of the municipality. The municipality has established the following Committees:

- Executive Committee;
- Finance and Corporate Services Committee;
- Water Services Committee;
- Infrastructure Services Committee;
- Social Services and Development Planning Committee;
- Municipal Public Accounts Committee; and
- Women's Caucus.

The structure below depicts how the Committees have been established with their Chairpersons and members.





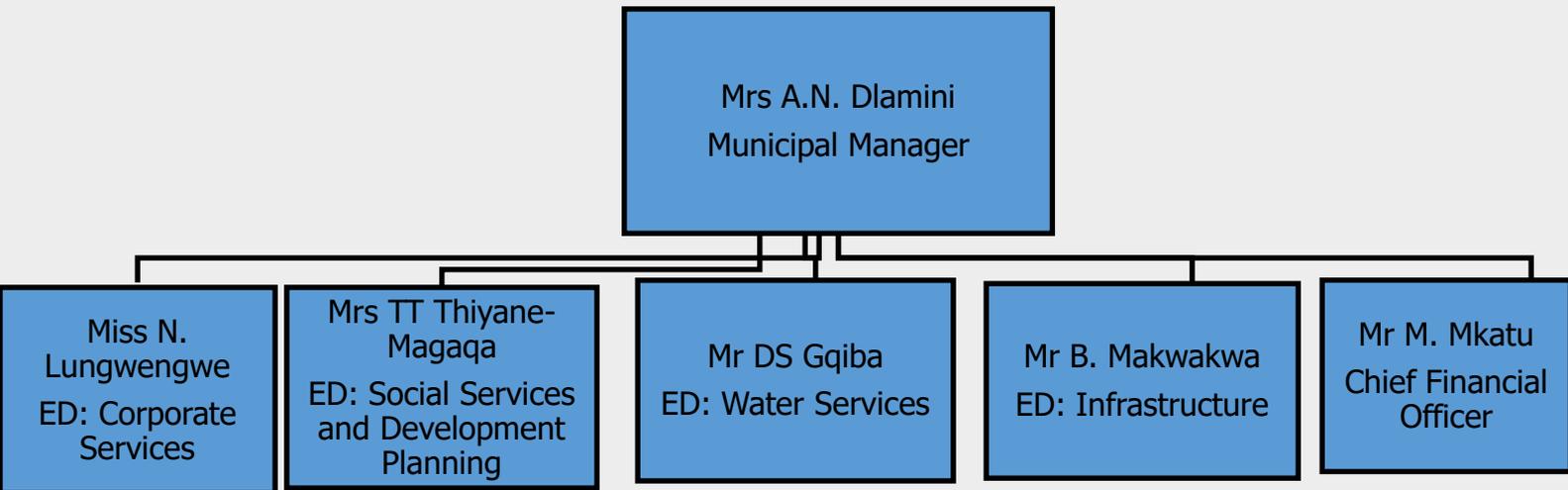
Employee profile in the Office of the Mayor

| Employee profile | Status of the position |
|-----------------------------|------------------------|
| Director: Strategic Support | Vacant |
| Manager: Communications | Filled |
| Communications Officer | Filled |
| Public Relations Officer | Filled |
| Executive Secretary: Mayor | Filled |
| Driver: Mayoral Services | Filled |
| HIV/AIDS Co-ordinator | Filled |
| OSS Co-ordinator | Filled |
| Protocol Officer | Vacant |
| Security Officer | Vacant |
| Secretary: Speaker | Filled |

| | |
|-----------------------------------------|--------|
| Secretary: Deputy Mayor and EXCO member | Vacant |
| Secretary x2: EXCO members | Filled |
| Public Participation Officer | Vacant |

HIGH LEVEL ADMINISTRATIVE GOVERNANCE STRUCTURE

Section 82 of the Local Government Municipal Structures Act, No. 117 of 1998 and Section 54A of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states a Municipal Manager must be appointed as the Head of Administration and also the Accounting Officer of the Municipality with relevant skills and expertise to perform the duties associated with the post. Section 56 of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states that a Municipal Council, after consultation with the Municipal Manager must appoint managers directly accountable to the Municipal Manager. All six positions of Senior Managers are filled with a fifty-fifty gender representation.



ADMINISTRATION POLICIES

Fleet Management Policy

Mayor's, Deputy Mayor's and Speaker's Vehicle policy

Records Management Policy

PAIA Manual

COMPONENT B: INTER-GOVERNMENTAL RELATIONS

INTER-GOVERNMENTAL RELATIONS (IGR)

Co-operative governance in South Africa's system of government is enshrined in Chapter 3 of the Constitution. Co-operative governance is given statutory and institutional expression through Inter-governmental Relations (IGR). IGR is a constitutional requirement for achieving Co-operative Governance. Implementation of policies and government programs requires close co-operation between the spheres of government, especially at Executive level.

Co-operative Governance does not ignore differences of approach and viewpoints among partners, but it encourages healthy debates that results in collaborative efforts (Partnership Government). Thus, the spheres of government have a duty to support, assist and empower one another. Harry Gwala District municipality as a government entity is also obliged to comply with these prescripts in order to achieve synergy with its local municipalities. Amongst other key mandates of IGR is to encourage planning together in order to prevent duplication of projects. All Technical Forums of Harry Gwala District Municipality report to the Municipal Managers Forum. All matters discussed at the Technical Forums get discussed at the Municipal Managers Forum. The Municipal Managers Forum then reports to the Mayoral Forum and decisions taken at the Mayoral Forum are binding.

An itinerary of meetings was drawn up and distributed to all departments for meetings to be convened. The IGR structures are in operation, and most of the IGR meetings are sitting. The IGR unit is currently located in the Corporate Services Department under Administration and Support Directorate. They provide secretariat support to both the Municipal Managers and Mayoral Forums by taking minutes and compile agendas for both forums. IGR reports are also compiled for submission to key stakeholders such as COGTA, Office of the Premier and SALGA.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The President's Coordinating Council (PCC) is the main coordinating body at national level. It consists of the President, the Deputy President, key Ministers, Premiers and the South African Local Government Association (SALGA). The PCC meets regularly to oversee the implementation of national policies and legislation, and to ensure that national, provincial and local development strategies are aligned to each other.

At national level, each department has an Inter-governmental Forum where Ministers meet with MECs and SALGA. These forums are called MinMECs and are also attended by heads of departments, as technical advisors. The purpose of MinMECs is to consult, coordinate implementation and align programs at national and provincial level.

PROVINCIAL INTER-GOVERNMENTAL STRUCTURES

The Premier in each province is responsible for coordinating relationships between national, provincial and local government in the province. A Premier's Inter-governmental Forum (PIF) consists of the Premier, the local government MEC, other MECs, Metro and District Mayors and other Mayors where necessary. The PIF meets regularly and consults on broad development in the province, as well as on the implementation of national and provincial policy and legislation. It also seeks to coordinate the alignment of provincial and municipal development planning and strategic planning. The PIF reports through the Premier to the PCC. PIF meetings are usually preceded by PAF (Provincial Advisory Forum) meetings where provincial heads of departments meet with all municipal managers. Harry Gwala DM has forged good working relations with the Eastern Cape (Alfred Nzo Municipality) to assist one another through resources in case there are disasters of high magnitude.

DISTRICT INTERGOVERNMENTAL STRUCTURES

Harry Gwala District municipality re-launched its IGR Structures on 22 November 2016. The following is the list of Political and Technical IGR Forums that were launched and the Chairpersonship was allocated:

Mayors Forum

Municipal Managers' Forum

Planning and Development Forum

Infrastructure Development Services Forum

District Area Finance Forum

Corporate Services Forum

District Communicators Forum



COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

- PUBLIC MEETINGS
- IDP PARTICIPATION

2.4 PUBLIC MEETINGS

Despite the legislative imperative, local government is, by essence, obliged to maintain effective communication with the communities. Likewise, the communities have a responsibility to participate and be involved in the affairs of the municipality. At HGDM, engagement with communities is ensured through the following structures and mechanisms:

- IDP and budget road shows
- Council meetings
- Mayoral Izimbizo
- Print and air media
- Electronic media, notably the website and the municipal video system

IDP PARTICIPATION AND ALIGNMENT

The Municipal Manager has a delegated responsibility from the Mayor, to prepare the IDP for the District. During the IDP review, the following key elements were addressed within the confines of the approved IDP Process Plan and Framework Plan:

- Comments were received from the various role-players in the assessment of the IDP Review documentation.
- Strategic elements of the IDP were reviewed in terms of Council’s new priorities, including the Spatial Development Framework.
- New information was included.
- The IDP was aligned with newly completed Sector Plans

The final IDP was tabled before Council in May 2020. There was consideration of community and stakeholder inputs, leading to the final IDP being approved by Council.

| IDP Participation Alignment Criteria | Yes/ No |
|--------------------------------------|---------|
|--------------------------------------|---------|

| | |
|----------------------------------------------------------------------------|----------------------------|
| Does the municipality have impact, outcome, and output indicators? | No, Only output indicators |
| Does the IDP have priorities, objectives, KPIs and development strategies? | Yes |
| Does the IDP has the multi-year targets | Yes |
| Are these aligned and can they be calculated 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 |

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT:

In the 2021/2022 financial year, the Municipal Council reviewed and approved its Risk Management Framework. The enterprise-wide risk management framework gives an overall picture of the risk management atmosphere desired for Harry Gwala District Municipality when the municipality reaches full maturity in implementing risk management within the planning and day-to-day processes. The implementation of the risk management framework is guided by the risk management policy, strategy and implementation plan. The combined use of these documents gives guide in the implementation of risk management activities in ensuring that management mitigates risks that are a threat in the implementation of its programs to an acceptable level. The municipality's detailed risk management methodology and risk appetite levels are embedded in the enterprise risk management framework.

Amongst the most important objectives of the Council's approved risk management infrastructure are the following:

- Support Harry Gwala District Municipality's governance responsibilities.
- Ensure compliance.
- Instilling the culture of risk management at all levels. i.e.: at decision making and on the day-to-day running of the municipality.
- Contribute in building a risk-smart workforce and environment that allows for innovation and responsible risk-taking.

Management as guided by the approved risk management strategy has further established Risk Management Committees; developed human capacity and tools in order to ensure effective implementation of the Council's policies and strategies.

The following structures have been put in place to ensure effective implementation of risk management activities within the municipality

1. The Audit/Performance Committee, which is an independent advisory committee of the Council.
2. The Risk Management Committee, which is the committee of the accounting officer Harry Gwala District Municipality has appointed an independent chairperson of the Risk Committee. The committee constitutes of Independent chairperson and senior management.

The Risk Management Committee is structured as follows:

- (1). Mr. X Dike: Independent Chairperson
- (2). Municipal Manager- Member
- (3). Chief Financial Officer: Member
- (4). Executive Director Infrastructure Services: Member
- (5). Executive Director Water Services: Member
- (6). Executive Director Social Services and Development Planning: Member
- (7). Executive Director Corporate Services: Member
- (8). Chief operations officer: Member

The risk champions were appointed at the beginning of the financial year. They provide assistance to the department in enabling the embedding of risk management within the departments. They also assist management in executing their responsibility of managing risks by coordinating risk management activities within the respective departments.

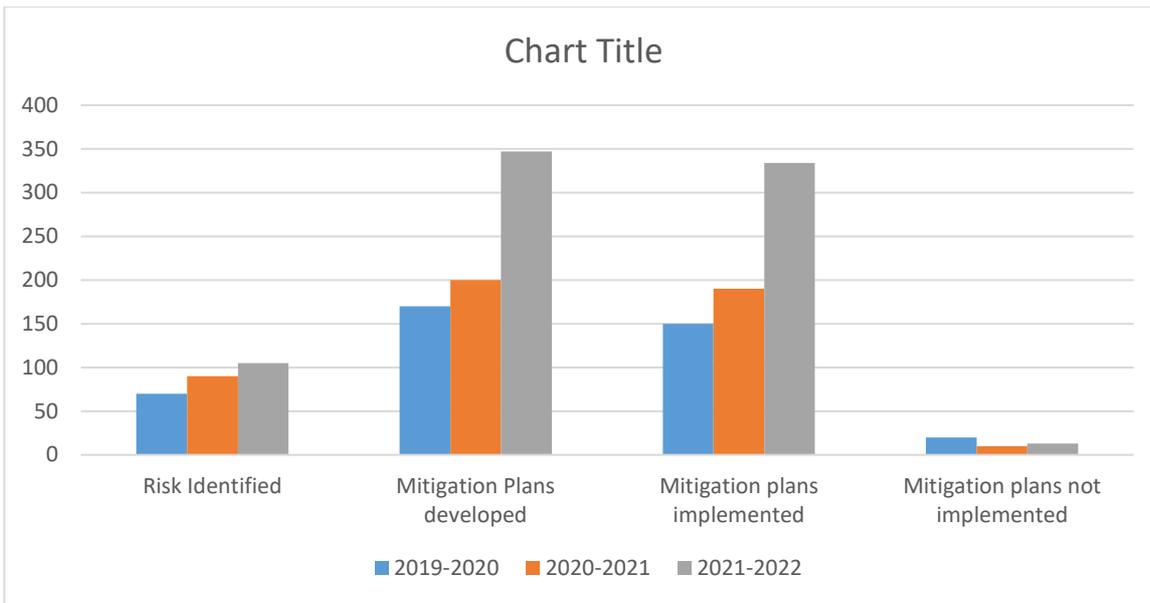
The Risk Champions work closely with the Risk Management Unit in identifying new and emerging risks, monitoring the implementation of the agreed risk treatment action plans and reporting to the Risk Management Committee.

In terms of the risk management strategy, the municipality reviews its risk register on an annual basis by performing risk assessments in order to ensure that Council better focuses and allocates its resources and take informed decisions and better prepared for adverse circumstances.

The annually reviewed risk register is monitored on an ongoing basis by the risk management staff to ensure implementation of mitigation plans as determined at risk assessment stage.

The following table summarizes the results of the overall implementation of risk management action plans for the 2021-2022 financial year.

Statistical Summary on the implementation of risk mitigation plans for the last 3 financial years



The results indicate a huge increase in the implementation of the mitigating measures this shows a commitment in the municipality in improving the risk culture. The overall municipality's 2021/2022 implementation of mitigation plans is 96%. The municipality has grown in levels of understanding and embedded risk culture throughout the organization. This also indicates management's commitment towards achieving good governance in the running of the municipality.

STRATEGIC RISKS FOR 2021/2022:

| RISK NAME | RISK DESCRIPTION | INHERENT RISK EXPOSURE | RESIDUAL RISK EXPOSURE | RISK ACCEPTABILITY |
|----------------|-----------------------------------------------|------------------------|------------------------|--------------------|
| Water Services | Inability to provide sufficient potable water | High | Medium | Cautionary |
| Infrastructure | Inadequate municipal office space | High | High | Unacceptable |

| | | | | |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------|--------|--------------|
| Basic Service Delivery | Failure to deliver infrastructure within reasonable periods. | High | High | Unacceptable |
| Water Services | Inability to control sewerage spillages | High | High | Unacceptable |
| Office of the Municipal manager | Failure to manage an efficient and effective co-ordination of data recovery and continuity in the event of a disruption(Business Continuity) | High | High | Unacceptable |
| Human Resource Management | Inadequate skills | High | Medium | Cautionary |
| Finance | Financial Unsustainability | High | Medium | Cautionary |
| Good governance | Non-adherence to the legislative prescripts that governs local government | High | Medium | Cautionary |
| Finance | Irregular; Fruitless and Wasteful expenditure | High | Medium | Cautionary |
| Human Resource Management | Inadequate human capacity | High | Medium | Cautionary |
| Risk Management | Vulnerability to fraud and corruption | High | Medium | Cautionary |

| | | | | |
|--------------------|----------------------------------|------|--------|------------|
| Revenue Management | Inability to collect revenue | High | Medium | Cautionary |
| Good Governance | Inability to achieve clean audit | High | Medium | Cautionary |

ANTI- FRAUD, CORRUPTION AND ETHICS

Harry Gwala District Municipality has an approved anti-corruption and fraud prevention Policy, strategy and plan the following initiatives have been initiated in alignment to the strategy for the 2021/2022 financial year:

The Office of the Municipal Manager conducted a fraud awareness campaign which was held at the HGDM main offices and Ubuhlebezwe satellite. The initiative was part of the International Fraud Awareness week. In attendance, was the Municipal Manager and the Head of Departments. This awareness campaign was publicized on all Municipality social media platforms.

The municipality received fraud awareness posters from the Department of National Cooperative Governance and Traditional Affairs (COGTA). These posters are posted on the main office and will be posted on all our satellite offices.

LOSS CONTROL

The policy was approved by the council for the 2021-2022 financial year. A loss control committee has been established. Below are the members of the Loss control committee:

The Loss Control Committee is structured with 12 members representing different departments.

Chairperson : Chief Operations Officer
 Deputy Chairperson : Senior Manager- Risk Management
 Secretary : Loss Control Manager
 Members : Senior Manager- Legal Services
 Manager- Asset Management
 Senior Manager- Operations and Maintenance

Manager- Municipal Works

Senior Manager- Human Resources

Manager- Labour Relations

Manager- Disaster Management

Manager- ICT

Manager- Fleet Management

COMPLIANCE

The Harry Gwala District Municipality has developed the Municipal compliance register for all the Departments.

2.8 SUPPLY CHAIN MANAGEMENT

Procedural issues

- The Supply Chain Management Policy was adopted and is currently being implemented.
- The procedure manual is in place and currently implemented.
- A compliance checklist has been developed and is currently being implemented.
- The fixed assets policy was adopted and is currently being implemented.
- Bid Committees are fully functional.
- Components within Supply Chain Management
- Supply Chain Management has six components namely:
 - Demand Management
 - Acquisition Management
 - Logistics Management
 - Disposal Management
 - Risk Management
 - Performance Management

Demand Management

Include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for, timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;

Provide for the compilation of the required specifications to ensure that its needs are met; and
Undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Acquisition Management

That goods and services are procured by the municipality in accordance with authorized processes only;

That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;

That the threshold values for the different procurement processes are complied with; and

That bid documentation, evaluation and adjudication criteria, and general conditions of a contract are in accordance with any applicable legislation.

Logistics Management

The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;

The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

The placing of manual or electronic orders for all acquisitions other than those from petty cash;

Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Disposal Management

- The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act
- Disposal can be done in the following method:
- Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- Selling the asset; or
- Destroying the asset.
- Risk Management

Risk management includes:

- The identification of risks on a case-by-case basis;
- The allocation of risks to the party best suited to manage such risks;
- Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance Management

The performance Management system involves the entire supply chain's ability to meet end-customer needs through product availability and responsive on-time delivery.

Supply chain performance crosses both functional lines.

BY-LAWS

| Revised | Public Participation conducted prior to adoption of by-laws (Y/N) | Dates of Public Participation | By-Laws Gazetted (Y/N) | Date of Publication |
|------------------------------|-------------------------------------------------------------------|-------------------------------|------------------------|---------------------|
| Water and Sanitation by-laws | Y | Done on monthly bases | N | Not Yet |

| | | | | |
|--------------------------|---|--|---|--|
| Municipal Health By-Laws | Y | | Y | |
|--------------------------|---|--|---|--|

COMMENTS ON BY-LAWS

The water services by-laws were developed and they were gazzeted in 2007. The Water Services Act 1998 provides that By-laws should be reviewed annually. The department conducted the review of the by-laws in this financial year and some workshops for public participation were conducted.

PUBLIC SATISFACTION ON MUNICIPAL SERVICES'

The municipality did not conduct the Customer Satisfaction Survey in the 2021-2022 financial year to ascertain the levels of satisfaction in relation to service delivery. This was in the main due to financial limitations in the municipa

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (High Level Performance Report)

Chapter 3 focuses on service delivery on a service-by-service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on Community needs and resource deployment. The service delivery issues are structured, captured and reflected under the priorities contained in the IDP in order to allow easy comparisons on achievements against budget and SDBIP.

COMPONENT A: FINANCIAL SERVICES

2021 - 2022 DEBT RECOVERY WAS HANDLED AS FOLLOWS:

| SERVICES | ACTUAL ACCOUNTS BILLED | % PROPORTION OF ACCOUNTS VALUE BILLED THAT WERE COLLECTED |
|------------|------------------------|-----------------------------------------------------------|
| Water B | R 10 247 991 | 12% |
| Water C | R56 363 950 | 66% |
| Sanitation | R18 787 983 | 22% |

COLLECTION

Debtors' collection decreased from R51million in 2018/2019 to R48.4million in 2019/2020. The collection has increased in 2020/2021 to R56.2million plus collection on sale of prepaid token of R4.8million resulting in a total collection of R61.1million. There is regression in revenue collection in the year 2019/2020 compared to 2018/2019 financial year though there is a revenue strategy that the municipality is implementing as well as cleansed consumer data due to COVID 19 resulting in the municipality not to fully implement its credit control policy. The Municipality has improved on revenue collection in 2021/2022 financial compared to 2020/2021 financial year. The dilapidated infrastructure has negative impact on our billing and collection.

The indigent register have been updated with a total number of 1167 households reflecting a decrease compared to previous year due to deaths of consumers identified

during indigent consumer information verification and this will also have a negative impact on the municipality's collection. The municipality reviewed its tariff structure in the current financial year.

EMPLOYEE: FINANCIAL SERVICES

FINANCIAL PERFORMANCE YEAR 2020-2021- 2021-2022 FINANCIAL PERFORMANCE BUDGET AND TREASURY OFFICE

| DETAILS | FY 2020-2021 | FY 2021-2022 | | | |
|--------------------------------------|----------------------|----------------------|-------------------------|----------------------|--------------------|
| | ACTUAL | ORIGINAL BUDGET | ADJUSTMENT BUDGET | ACTUAL | VARIANCE TO BUDGET |
| Total Operational Revenue | R 421 634 998 | R 404 553 245 | R 393 222 315 | R 393 707 011 | -R 484 696 |
| Expenditure: | | | | | |
| Employees | R 28 728 921 | R 32 316 796 | R 32 521 942 | R 32 790 210 | R 268 268 |
| Repairs And Maintenance | R 0 | R 0 | R 0 | R 0 | R 0 |
| Other | R 49 979 432 | R 52 950 595 | R 47 794 660 | R 47 490 958 | -R 303 702 |
| Total Operational Expenditure | R 342 926 645 | R 489 820 636 | R 312 905 713,00 | R 313 425 843 | R 520 130 |

COMMENTS ON THE HIGH LEVEL PERFORMANCE OF BUDGET AND TREASURY

BUDGET AND REPORTING UNIT

The municipality's activities are as per MFMA Section 21 (1)(b)(i), which states that the Mayor of a municipality must approve the Budget Process Plan at least 10 months prior

the start of the budget year and table in the municipal council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget.

The MFMA Act no.56 of 2003 section 71 requires the Municipality to submit a Financial Report within 10 working days of each month:

The Municipality must submit two sets of reports namely; Data Strings, new electronic submissions called Go Muni and Manual submission which are submitted to the Provincial Treasury and COGTA respectively.

On a monthly basis, these Financial Reports are submitted to the Executive Committee for Reporting purposes.

The Municipality prepares the budget using MSCOA. The Implementation phase was successfully completed. The Municipality is transacting using version 6.5 of MSCOA and prepared 2021/22 Budget on the new MSCOA 6.5 version.

The Municipality also participates in the internship program that allows graduates in the commercial field to be exposed to financial management for a maximum of three years. This program has five interns who are subjected to rotational plan where they are deployed to different sections with the department for relevant training purposes and this is in line with the conditions of the Financial Management Grant (FMG). In the past decade this program has been a success as evidenced by the absorption of 16 interns by the municipality into permanent roles.

The municipality prepares Annual Financial Statements internally and received an unqualified audit opinion with matters of emphasis. An audit action plan to address 2020/21 audit findings has been prepared. The plan was audited by the Internal Audit to ensure that it adequately addresses the Auditor General findings. Reconciliations are prepared on a monthly basis.

ASSET MANAGEMENT

Capital Expenditure

In the 2021/2022 financial year, the Harry Gwala District Municipality managed an asset base of over R2, 7 billion 98% of which relates to water and sanitation infrastructure assets. The municipality incurred R262 million on construction of infrastructure projects in the 2021/2022 financial year. The municipality further completed infrastructure projects worth R183, million during the 2020/2021 financial year. The district municipality is still grappling with the high replacement cost of aged infrastructure whilst it faces new demand from communities who have yet to access sustainable water and sanitation supply. The district municipality has invested heavily in the replacement of aged infrastructure and equally on new infrastructure networks however, it still faces challenges to adequately address water and sanitation backlogs due the scarcity of

resources. Despite these challenges, the municipality is committed to improving service delivery in the water & sanitation and this is evidenced by the continued shift towards higher spending on capital assets.

Immovable of assets

During the 2021/2022 financial year, Harry Gwala District Municipality received a donation of Boreholes from COGTA to the value of R11, 5 million. We have also received Donation of Boreholes from MISA at Value of R 1, 2 million in the current financial year.

Movable of assets

During the 2021/2022 financial year, Harry Gwala District Municipality purchase a fleet of vehicles to the value of R4, 3 Million.

Disposal of assets and Transfer of Assets to other organs of state

Harry Gwala District Municipality incurred loss on disposal/transfer of assets to the value of R 0.2 million in the 2021/2022 financial year. The loss on disposal resulted from the write off of assets that were vandalized, redundant, no longer in use or stolen. In addition Harry Gwala District Municipality transferred community assets with a carry value of R1, 7 Million to uBuhlebezwe Local Municipality during the 2021/2022 financial year. The community assets comprised of halls and crèches which are under the competence of the local municipality.

REVENUE MANAGEMENT UNIT

Revenue section is responsible for the billing, collection, indigent management and debt management in an effort to strengthen the healthy cash flow and long-term financial sustainability of the municipality thus ensuring uninterrupted provision of sustainable service delivery to its community.

SOCIAL AND ECONOMIC REDRESS VIA INDIGENT MANAGEMENT

The Council adopted the indigent management policy. The municipality developed the desktop indigent register in 2015/2016 financial year. The indigent register was developed only for the urban communities or water users to the exclusion of the rural community. Though the rural communities are not included in the indigent register they do get free water services at an RDP level of service, they therefore are accounted for as indigents. The communities were made aware of the procedures to follow in applying for the indigence support application. The indigent register is reviewed and updated on a yearly basis. During the 2017/2018 financial year, all domestic consumers were receiving the first 6 kl of water free. The revenue foregone because of 6kl of free water to all

domestic consumers was R6 091 364.16. As from July 2018 only the qualifying domestic consumers benefited from the indigent support programme. The municipality does not budget for the indigent support because indigents receive free 6kl of water that reported as revenue foregone not as expenditure in the budget. The number of qualifying indigent applicants reflecting on the indigent register in 2018/2019, 2019/2020 2020/2021 respectively were 1 575; 1307 and 1163. The number of indigent consumers is decreasing every year due to consumer data verification and deaths of indigent consumers. In 2018/2019 financial year, the revenue foregone because of 6kl of free water to qualifying indigent households was R919 674.00; for 2019/2020 is R808 353.36 and R902 674.08 for 2020/2021. The number of indigent consumers on 2021/2022 indigent register has increased to 3 894 and the revenue foregone is R3 113 683.20

REVENUE RAISING STRATEGIES

Revenue enhancement strategy was adopted by Council in 2015/2016 financial year, is reviewed on annual basis, and is fully implemented.

BILLING

The Harry Gwala District Municipality is vastly rural with 121 973 households. As a water services provider the municipality provides water services by way of 150 water schemes that are running throughout the district. The rural schemes provide a basic level of service at RDP standard rendering those water schemes incapable of being billed.

The Harry Gwala District Municipality billing covers about 11 952 urban households the majority of whom are indigent, the total number of consumers has decreased from 12 347 resulting from data cleansing and an update of municipal database.

The Harry Gwala District Municipality bills 6 561 water consumers on a flat rate basis, 1 682 households are billed according to consumption that is determined by meter readings and 3 719 of consumers who were previously billed on consumption base the meters are converted to prepaid. There are cases where estimation/interims and flat rate base billing is applied though it is not acceptable. In areas where there are no meter or where meters are faulty or covered, the municipality divert from consumption base method to interims or flat rate.

There is a growing need to improve the integrity of the data base of water consumers. The municipality debtor's data cleansing is performed as a continuous exercise.

It is verified that 90% of the urban household excluding areas with RDP housing are connected to water meters. The municipality conducted a meter audit exercise in a bid to have a reliable and credible inventory of water meters with relevant current condition.

This exercise revealed huge challenges with the condition of the water meters a considerable number of which was not functioning.

The municipality embarked on a process of repairing the faulty meters and replacing the credit meters with smart meters. The water meters are old and are to repaired more frequently. The municipality has embarked on meter management programme by replace the credit meters with smart meters to improve collection. The smart meters provide a range of functionalities. They are capable of being used as credit meters for government institutions like hospitals prisons etc. are also capable of being set to restrict the flow or terminate the service as well as used as prepaid in the case of households thereby ensuring that households; as they constitute the largest percentage of the total outstanding; pay before they use water. The municipality allocated R2, 5 m in 2017/18 budget year. The budget for 2022/2023 financial year allocated for the purchase of smart meters has increased to R10 million, with the aim of replacing faulty meters to prepaid as well as installing smart meters in areas where there are no meters.

BILLING VERSUS COLLECTION ON CONVENTIONAL METERS

| BILLING VS COLLECTION - FIVE YEAR COMPARISON | | | | | | | |
|----------------------------------------------|----------------|---------------|---------------|---------------|---------------|-----------|--------|
| Year | Total Billing | Interest | Vat | Net Billing | Receipts | Collectio | Months |
| 2017/2018 | 78 329 362,25 | 14 912 386,34 | 8 504 698,25 | 54 912 277,66 | 47 713 929,59 | 86,89 | 12 |
| 2018/2019 | 97 587 668,08 | 11 140 322,36 | 11 345 025,58 | 75 102 320,14 | 51 048 432,43 | 67,97 | 12 |
| 2019/2020 | 101 197 134,74 | 14 750 030,79 | 11 771 618,45 | 74 675 485,50 | 48 457 060,67 | 65,0% | 12 |
| 2020/2021 | 85 399 925,23 | 10 409 951,54 | 10 539 172,00 | 64 450 801,69 | 56 249 406,11 | 87,27 | 12 |
| 2021/2022 | 77 192 575,66 | 11 829 077,46 | 8 516 798,32 | 56 846 699,88 | 56 652 596,51 | 99,66 | 12 |

COLLECTION ON SALE OF PREPAID TOKENS 2021/2022

| MONTH | Vendor Ixopo | Ixopo | Vendor Kokstad | Kokstad | Total Collection |
|---------------|-----------------|------------|-------------------|------------|---------------------|
| July | 1 499.99 | 140 425.48 | 441 987.66 | 275 857.43 | 859 770.56 |
| August | 649.98 | 103 586.53 | 515 660.02 | 232 856.72 | 852 752.91 |
| Septemb er | 930.01 | 98 439.60 | 530 839.48 | 198 888.84 | 829 097.93 |
| October | 1 240.00 | 59 756.60 | 587 189.37 | 195 714.60 | 843 900.57 |

| | | | | | |
|--------------|------------------|-------------------|---------------------|---------------------|---------------------|
| November | 3 499.99 | 81748.60 | 626 671.24 | 165 003.04 | 876 922.87 |
| December | 1 479.97 | 76 551.97 | 606 520.13 | 165 039.42 | 849 591.49 |
| January | 740.00 | 65 819.50 | 606 245.13 | 133 949.38 | 806 755.04 |
| February | 2 869.96 | 63 439.46 | 546 570.16 | 146 666.20 | 759 545.78 |
| March | 865.03 | 62 169.60 | 585 627.04 | 137 369.24 | 786 030.91 |
| April | 2 399.98 | 53 289.55 | 564 863.36 | 110 537.53 | 731 090.42 |
| May | 1 930.97 | 64 659.49 | 563 683.39 | 125 654.49 | 755 928.26 |
| June | 749.99 | 56 209.62 | 573 251.83 | 94 557.73 | 724 769.17 |
| TOTAL | 18 855.87 | 926 096.00 | 6 749 108.81 | 2 119 463.86 | 9 676 155.84 |

As from June 2019 when the municipality started the activation of smart meters to prepaid the total collection amounted to R16 373 891.98 with an average collection of R430 891.89 a month.

MUNICIPALITY DEBT POSITION

The Municipality bills for the water, sanitation, environmental health services and other miscellaneous services. Major services are provided to domestic consumers. The consumer debt has been in a constant increase since as reflected in table below. Debt management is closely linked with revenue management and thus has been addressed as part of the revenue enhancement strategy. Debt reduction strategies such as appointment of a debt collector to assist the municipality on collection of debt, which is 90 days and older, amnesty programme as well as activation of smart meters to pre-paid, are implemented and covers extensively credit control and debt management issues.

OUTSTANDING DEBT 2018/2018 to 2021/2022 FINANCIAL YEAR

| Description | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 |
|-------------|--------------|--------------|--------------|--------------|--------------|
| Domestics | R156 472 953 | R143 056 909 | R165 486 055 | R193 157 455 | R196 629 869 |

| | | | | | |
|-------------------------------------------------------------------------------|-----------------|--------------|--------------|--------------|---------------|
| Business | R9 289 262 | R9 407 296 | R 14 477 370 | R 14 248 698 | R 13 064 710 |
| Indigents | | R14 407 527 | R 5 533 814 | R 9 328 674 | R 9 742 448 |
| Government | R5 271 181 | R7 677 298 | R 13 296 837 | R 9 645 573 | R 11 072 894 |
| Municipalities | 475 206 | 879 147 | R 1 166 098 | R 928 791 | R 766 147 |
| Deceased | | | | | R 1 027 576 |
| Other : churches, hotels, sports clubs, old age homes e.t.c | R3 762 973 | R4 169 918 | R 3 297 348 | R 3 869 212 | R 5 046 158 |
| Total Debt | R176 594 647 | R177 643 479 | R203 945 139 | R231 178 406 | R 237 349 805 |
| Growth | - R6 663 095 | R1 048 831 | R26 301 659 | R27 233 267 | R 6 171 399 |
| % Growth | -3.71% | 0.59% | 12.89% | 3.42% | -341.28% |

EXPENDITURE MANAGEMENT UNIT

Improvement on payment made within 30 days

In an effort to ensure compliance with section 65 (2)(e) of the Municipal Finance Management Act 56 of 2003 (MFMA) and to strengthen internal control processes in relation to payments to creditors made by the municipality. The municipality adopted two payment runs, being the 15th and the 30th of every month. This has improved the municipality's expenditure management and helped to reduce/ eliminate fruitless and wasteful expenditure in the form of interest due to delayed payments.

Year-end accruals

The municipality closed the year with accruals amounting to R 10million. There was a significant decrease in accruals compared to the prior financial year (R28 101 740: 2020). This is largely due to creditors being paid timely and the improvements in cash management as well as budgeting. The municipality managed to pay all third parties before year-end including SARS, PAYE, UIF.

VAT refunds

For the 2021-22 financial year the municipality received SARS refunds amounting to R63, 7million and only May and June returns were outstanding at year-end totalling R8, 1million. These refunds are assisting the municipality to bridge the shortfalls and minimize cash flow problems.

Fruitless and wasteful expenditure

During the 2021-22 financial year the municipality did not incur any fruitless and wasteful expenditure. This is ascribed to the fact that the municipality makes payments within 30 days resulting in the avoidance of interest and penalties.

COMPONENT B: WATER SERVICES AND SANITATION INFRASTRUCTURE

Employees: Water Services

| Job Level | <i>F/Y 2020-2021</i> | <i>FY 2021-2022</i> | | |
|------------------|----------------------|---------------------|------------------|------------------|
| No. of Employees | | No. of Funded Posts | No. of Employees | No. of Vacancies |
| Grade A 1-3 | 69 | 16 | 69 | 102 |
| Grade B 1-5 | 82 | 16 | 82 | 181 |
| Grade C 1-5 | 38 | 38 | 38 | 24 |
| Grade D 1-5 | 21 | 0 | 21 | 15 |
| Grade E 1-2 | 03 | 01 | 03 | 02 |
| No grade | 0 | 0 | 0 | 0 |
| Total | 213 | 41 | 213 | 324 |

Financial Performance Year 2021-2022: Water Services

| Details | FY 2020-2021 | FY 2021-2022 | | | |
|----------------------------------|--------------|-----------------|-------------------|--------------|-----------------|
| | Actual | Original Budget | Adjustment Budget | Actual | Variance Budget |
| Total Operational Revenue | R 68 244 377 | R 82 840 603 | R 82 840 603 | R 68 244 377 | R 14 596 226 |
| Expenditure: | | | | | |
| Employees | R 82 063 694 | R 74 673 214 | R 74 673 214 | R 82 063 694 | R 7 390 480 |

| | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|--------------|
| Repairs and Maintenance | R47 711 053 | R39 916 912 | R 52 117 131 | R 66 222 083 | R 14 104 952 |
| Other | R 31 526 834 | R 31 130 728 | R 31 980 728 | R 31 526 834 | R 453 894 |
| Total Operational Expenditure | R 151 138 067 | R 144 943 420 | R 144 943 420 | R 151 138 067 | R 8 586 313 |
| Net Operational Expenditure | R 82 893 690 | R 62 102 817 | R 62 102 817 | R 82 893 690 | R 6 009 913 |
| | | | | | |

The Maintenance Plan (O&M) is reviewed and updated annually to include new water and sanitation system that have been completed and handed over to the Operation & Maintenance Unit. The maintenance schedules are signed off and records kept for updating the infrastructure asset register of the Municipality.

The Review of the Water Services Development Plan which was targeted for the financial year 2021/2022 was done. This had been a successful exercise although the information on demographics and service levels need to reflect the current situation. This will be achieved on the next review when STATS-SA has issued the results. The Harry Gwala DM has a credible WSDP, which conforms to the Department of Water and Sanitation standard prescribed format and it is rated 69.50% in terms of score ratings by the Department of Water and Sanitation. The document is accessible from the DWS website and Harry Gwala District Municipality.

The municipality also targeted to prepare Technical Feasibility reports in order to come out with the Business Plans to deal with areas which were earmarked by the municipality to deal with water crisis in this particular year. These areas were Mashumi Water Supply Phase 4, Ehostela Water Supply Scheme and Underberg/ Himeville Water Upgrade Phase 3. The municipality was able to prepare these business plan and Mashumi Water Supply Phase 4 and Ehostela Water Supply Scheme were submitted to the Department of Water and Sanitation for approval as it is their responsibility. Underberg/Himeville Water Upgrade Phase 3 was shelved due to change in priorities.

The municipality further planned to undergo the preparation of Designs on five projects to prepare for the construction. The projects included:

- a) Cabhane River Valley - St Barnabas Water Supply
- b) Makhoba Housing Water Project
- c) Greater Highflats Bulk Water Supply Scheme
- d) Kempdale Wall Raising Project
- e) Khukhulela Water Supply Phase 3

Due to the constraints associated with the budget, three (3) of the above projects were achieved and other two targets had to be revised and be withdrawn. Cabhane River Valley – St Barnabas Water Scheme, Kempdale Wall Raising Project and Khukhulela Water Supply Phase 3 had their designs prepared and completed.

The other target of taking six (6) projects to tender was made which included the following projects:

- a) Khukhulela Water Supply Phase 3
- b) Greater Highflats Bulk Water Supply Scheme
- c) Creighton Water Supply
- d) Umzimkhulu Sewer Upgrade Phase 2
- e) Kempdale Wall Raising Project
- f) Mngqumeni Water Supply

The target was going to be the preparation of the tender documents and presented to the Bid Specification Committee. Five (5) of these projects' tender documents were achieved and one (1) withdrawn during the budget adjustment.

Except the projects which appears in the SDBIP the following tender documents were prepared:

- a) Masamini-Mbuzweni Contract 2
- b) Marraiskop Contract 2
- c) Springvale Contract 3

These tender documents were prepared to be advertised in order to be implemented in the following financial year.

Bylaws and Water Services Policies

The Water Services bylaws were gazetted in 2019/20 adopted by Council. In 2020/21, the municipality set aside a budget for interpretation of these bylaws into isiZulu and this task

was completed. For the year 2021/22 these bylaws were again subjected to interpretation into isiXhosa language. In addition to the interpretation, these interpreted bylaws were also summarized into a small booklet that will be distributed to communities in an attempt to raise awareness. This project of interpreting bylaws is believed to be important in ensuring that water services bylaws are implementable across the district. Water Services policies were also reviewed and adopted by council on the 28th of June 2022.

Awareness Programs and Stakeholder engagements.

Water Services department engaged on a number of awareness raising programs ranging from water conservation, health and hygiene, vandalism of water services infrastructure, revenue enhancement and prepaid meter awareness. Water Services awareness campaigns are time-bound and aimed entirely at increasing public awareness for water services. These campaigns target a large number of people over a specific period of time to try and generate specific outcomes and achieve pre-determined goals.

The aim of these awareness raising campaigns for Water Services Department differs between contexts but generally includes increased concern, informing the targeted communities about the problem/concern and attempting to change the said community behaviour. These awareness campaigns deliver messages to communities motivating them to take action in addressing the concern/problem. Water Services uses a range of different techniques and approaches to raise awareness and these include but not limited to: newsletters, social media and events, meetings with stakeholders and representatives of the target group to create a general awareness on the topic.

These awareness programs serve as a powerful campaigning mechanism of re-iterating the value of water and the need for sustainable management of this scarce resource. These campaigns seek to continue building the ongoing awareness within the broader Harry Gwala Community coupled with the responsibility that every citizen must take in ensuring the integrity of our water resources and its efficient use. These awareness's enhanced the manner in which district interacts with its communities, reduction in illegal connections and subsequently curb water losses.

In addition to the above, Customer Care Unit also conducted a two day Bathopele workshop for all HGDM employees. The unit requested COGTA to assist with facilitation of this workshop and the outcomes were positive as employees were able to integrate the workshop outcomes to their day to day activities in the municipality.

Customer Care Services

It helps to understand the move from single channel to multichannel customer service as a key aspect of a successful Water Services Authority municipality. Customer care service refers to the assistance an organization offers to its customers before or after they buy or use services. Customer care includes actions such responding to general questions. Customer care, plays an important role in the overall customer experience hence the customer interaction is important in building loyalty and HGDM water services recognition.

The benefits of positive customer care service in HGDM was recognised through increasing revenue collection last financial year. This was an indication that better customer service can lead customers paying for their water services.

For the year 2021-2022, Customer Care Unit conducted two Customer Service Roadshows, where municipal services were taken to people. It is through these roadshows that customers managed to enquire about their water services accounts, register for free basic service water and sanitation, apply for amnesty etc. This has enhanced the customer confidence on HDGM function (Water Services Authority).

Customer Care Unit continues to update its Water Services Customer Care Satisfaction Surveys. These surveys were conducted across the district with the intention to improve and strive for service excellence. A total of 400 customer satisfaction surveys were conducted on water and sanitation services provided by HGDM to communities. A detailed report on the outcomes of these satisfaction surveys was done in-house.

Customer Care Units functioning continues to improve every year as this year a number of Reasebatsa modules were introduced and trainings and workshops to different users were conducted. These new modules were specifically meant for Process Controllers, Plumbers and Truck drivers. The use of Reasebetsa system to attend, track and close complaints/incidents has improved since last financial year. It is however still a concern that most of the cases are closed after the regulated time has lapsed, thus cases are not closed within 48 hours as stipulated in the Customer Care Policy.

VIP Sanitation

Water Governance and Customer Care Section implemented the VIP sanitation program in 2020/21 financial year. The section had targeted to implement 88 VIP structures but managed to implement 201. This financial year the Water Governance and Customer Care Section had a target of 788 VIP structures. These structures were all implemented

and target was met. In addition to the targeted number of VIP toilet structures for 2020/21, DWS made funds available in April for implementation of VIP toilets through WSIG. The municipalities that benefited from both MIG and WSIG are as follow:

- Greater Kokstad Municipality: 506 VIP toilet structures were constructed and handed over to beneficiaries, thus 276 structures in Ward 2 and 230 structures in ward 6.
- Dr Nkosana Dlamini Zuma Local Municipality: 530 VIP toilet structures were constructed and handed over to beneficiaries, thus 350 structures in ward 1, 180 structures in ward 4 and 130 in ward 5.
- Ubuhlebezwe Local Municipality: 617 VIP toilet structures were constructed and handed over to beneficiaries, thus 220 structures in Ward 14 and 397 structures in ward 01.
- Umzimkhulu Local Municipality: 942 VIP toilet structures were constructed and handed over to beneficiaries, thus 425 structures in Ward 1, 50 structure in ward 6, 163 structures in ward 7, 93 in ward 8 and 211 structures in ward 19.

Massification Projects

Harry Gwala District Municipality received R30 000 000.00 Massification Grant through Accelerated Water Intervention Program (AWIP). Research, Planning and Design Section of Water Services prepared business plan for approval by DWS to drill 28 boreholes and to protect and rehabilitate 21 springs. Boreholes were drilled in the following areas:

- Dr Nkosana Dlamini Zuma Local Municipality: 8 boreholes.
- Ubuhlebezwe Local Municipality: 8 boreholes.
- Umzimkhulu Local Municipality: 11 boreholes.
- Greater Kokstad Local Municipality: 1 borehole.

Spring protection and rehabilitation was implemented in the following municipalities

- Dr Nkosana Dlamini Zuma Local Municipality: 6 springs.
- Ubuhlebezwe Local Municipality: 8 springs.
- Umzimkhulu Local Municipality: 7 boreholes.

Through this water services intervention program Harry Gwala DM has improved its water provisioning to communities that did not have access to potable water.

Water Quality Monitoring

Constitution of the Republic of South Africa Act No. 108 of 1996 gives a mandate to Harry Gwala District Municipality to provide access to water and sanitation services to all communities residing within its jurisdiction. Section 12 of the Local Government: Municipal Structures Act No. 117 of 1998, emphasizes on the establishment of municipalities in accordance with the requirements relating to category and type i.e. Water Services Authority Municipality. And the National Water Act, 36 of 1997 sets out the principles to be adhered to concerning the environmental impacts of wastewater and pollution.

Harry Gwala District Municipality (HGDM) as a Water Services Authority (WSA) has a constitutional mandate of providing access to water and sanitation services to all communities residing within its jurisdiction in terms of the Municipal Structures Act (Act No. 117 of 1998). This constitutional responsibility is carried out by the district taking into cognisance the rights of everyone to water as well as the rights to an environment that is not harmful to their health and well-being.

Harry Gwala District Municipality as a Water Services Authority (WSA) is responsible for monitoring of water and wastewater quality. Both water and wastewater quality supplied to communities and customers of HGDM must be reported to DWS on a monthly basis. Umgeni Water is an accredited water testing laboratory contracted by the HGDM to assist with monitoring water and wastewater quality by analysis water samples against SANS241 Standards. HGDM has a Sampler (service provider) contracted for a period of three years. The sampler collects water and wastewater samples as per the HGDM Monitoring Program which is risk based and registered with DWS through IRIS. The number of sampling points which the municipality monitors as per the sampling program is 107 site. These sample sites are registered and reported on IRIS (previously known as BDS/GDS).

For 2021/22 financial year the following water and wastewater sites were monitored and reported on IRIS.

For Water Quality, A total of 72 sites were sampled every month. The collected potable water samples were analysed for key water quality indicators and assessed against SANS 241-1:2015 drinking water standards.

For waste water quality, A total of 35 sites were sampled and analysed every month. The collected wastewater effluent discharges were assessed against relevant effluent standards as prescribed by Department of Water and Sanitation. i.e. General Effluent Standards for plants >2 ML/d and General Authorization for plants <2ML/d.

Process Audits

Harry Gwala District Municipality (HGDM) as a Water Services Authority (WSA) has a constitutional mandate of providing access to water and sanitation services to all communities residing within its jurisdiction in terms of the Municipal Structures Act (Act No. 117 of 1998). This constitutional responsibility is carried out by the district taking into cognisance the rights of everyone to sufficient food and water as well as the rights to an environment that is not harmful to their health and well-being as enshrined in the Bill of Rights of the Constitution of Republic of South Africa (Act No. 108 of 1996). The legislation enforces the district to provide good quality of water that will not threaten the constitutional rights of individuals within its jurisdiction.

Water Governance and Customer Care section under Water Services department in Harry Gwala District Municipality facilitated the process of auditing nine Wastewater Treatment works. The project resulted from the mandate that the Harry Gwala District Municipality has in terms of ensuring safe environmental management practices that will enable sustainable service delivery that is not harmful to people. Constitution of RSA, S2(24) of 1996 also states that everyone has a right to a healthy environment. HGDM will ensure healthy environment by disposing a compliant effluent into the natural environment.

Both water and wastewater treatment works of HGDM needs to be subjected to a Process Audit, however the wastewater treatment works were prioritized to the Greendrop assessment that were carried out in September 2021. These process audits will assist the municipality in ensuring the reduction of incident or prevalence of communicable diseases, spread through spillages and non-complying effluent disposed to the environment but also assisted in scoring higher on the assessments.

The audits main focus is on the functionality of each unit process of the treatment works, administration and effluent quality and disposal methods. Description covers the whole system from the head of works to the point of disposal (covering design type, treatment processes and disposal). The process audits assist the municipality in ensuring that the treatment works is functioning to its maximum capacity and the final effluent being disposed off to the natural environment is compliant to the set wastewater and effluent

standards. The Process Audit outcomes and recommended action plans should be incorporated into the IDP in a form of O&M projects.

In the 2021/22 Financial Year Water Services Authority maintained 145 water supply schemes which include rudimental water supply schemes with water sourced from boreholes and springs. The majority of these schemes are partial functioning due to unreliability or unsustainable water supply sources. The distribution of functional, dysfunctional and partial functioning water supply schemes is shown in the **TABLE 1** below

TABLE 1

| Municipality Area | Fully Functional | | Partially Functioning | | Dysfunctional | | Total | |
|-------------------|------------------|---------|-----------------------|---------|---------------|---------|---------|---------|
| | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 |
| Number of Schemes | 81 | 104 | 50 | 32 | 4 | 9 | 144 | 145 |

Limitations on annual Budget allocation for the operation and maintenance of water and sanitation schemes has the adverse effects on the functionality status of water services schemes in the HGDM. The department of Corporate Governance and Traditional Affairs issued a circular indicating that 10% of the Municipal Infrastructure Grant (MIG) can be utilized to fund the operation and maintenance of water and sanitation schemes. This will assist in funding the refurbishment program of schemes that are not operational. The process of developing the business plan and getting approval to access the 10% MIG budget will be finalized in 2022/23 FY.

Capital Expenditure Year 2021/2022: Water and Sanitation Services

This report aims at summarizing the utilization of the 2021/22 Municipal Infrastructure Grant (MIG) funding to the Harry Gwala District Municipality. The objective of the MIG funding is to expedite service delivery to Municipalities that have backlogs in order to reach the stated Millennium Development Goals. **The 2021/22 MIG allocation was R212 880 000. The Municipality received additional funding / top of R8 000 000,00 during the month of March 2022. This took the total Municipal MIG allocation to R220 880 000, 00.** This report sets out to show the level of usage

and implementation of the MIG funds in the year 2021/22 and also to show the impact of the funding on the community as the beneficiaries.

Expenditure Details:

The Table below shows the monthly expenditure from July 2021 to June 2022. Expenditure on PMU salaries was also taken from the MIG allocation.

Monthly MIG Expenditure

Background:

Since the establishment of the PMU section in mid-2008, the MIG expenditure showed marked and tremendous improvement in Harry Gwala District Municipality. The table below shows the MIG expenditure performance in the last 4 years.

| GRANT USAGE (grant name) | 2017-2018 | 2018-2019 | 2019-2020 | 2020/2021 |
|--------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------|------------------------------------|
| Municipal Infrastructure Grant (MIG) | R 94 739 205.09 (95.21 %) | R160 040 749,20 (77, 54 %) | R200 860 000,00 (100 %) | R209 000 000, 00 (100 %) |

| MONTH | TOTAL MONTHLY PAYMENTS |
|----------------|-------------------------------|
| July 2021 | R5 185 898,98 |
| August 2021 | R49 818 358,39 |
| September 2021 | R25 458 092,07 |
| October 2021 | R12 114 320,45 |

| | |
|------------------------------------------------------------------------------------|------------------------|
| November 2021 | R5 827 682,75 |
| December 2021 | R30 037 648,53 |
| January 2022 | R2 384 0823,556 |
| February 2022 | R13 082 418,84 |
| March 2022 | R9 496 357,11 |
| April 2022 | R26 820510,81 |
| May 2022 | R12 732 680,71 |
| June 2022 | R27 921 947,80 |
| <i>PMU Operational costs 2,5 %) included in the monthly expenditure</i> | R5 156 746,77 |
| TOTAL | R220 880 000,00 |

NB: The 100 % expenditure of the MIG allocation was reached by end of June 2022.

The following schedule shows the extracts from the 2021/22 PMU Business Plan and the actual expenditure and status of projects executed in the 2021/220 financial year. **The expenditure shown and the physical progress is the actual current progress as end 30th June 2022.**

| \PROJECT DECRPTION | EXPENDITURE 2020/2021 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
|----------------------------------|----------------------------------|------------------------------|-------------|-------------------------------------------------------------------------|
| Greater Summerfield Water Supply | R26 808 617,68 | MIG | 20 | The project is under construction currently sitting at 88 % completion. |
| Greater Mbhulelweni Water Supply | R10 446 605,66 | MIG | 9,13 | The project is under construction currently sitting at 65 % completion. |

| | | | | |
|----------------------------------------------------|----------------|-----|---------|----------------------------------------------------------------------------|
| Bulwer Nkelabantwana-Nkumba | R4 070 460,03 | MIG | 10,11 | The project is under construction currently sitting at 99 % completion. |
| Horseshoe Sanitation Phase 2 | R17 032 751,19 | MIG | 1, 9 | The project is under construction sitting 90 % completion |
| Accelerated Water intervention Kokstad rising main | R12 963 136,63 | MIG | 3,4 | The project is under construction sitting at 95 % |
| Greater Bulwer Donnybrook Water Supply | R13 389 620,57 | MIG | 9,10,13 | The project is under construction and sitting at 91 % completion. |
| Kwa-May-Theekloof Water Supply | R14 837 484,70 | MIG | 11 | The project is under construction and sitting at 42 % completion. |
| Khukhulela Water Supply | R9 920 401,19 | MIG | 05 | The project is under construction and sitting at 38 % completion. |
| Raising of Kempdale Wall | R1 165 663,41 | MIG | 3 | Under designs and as such construction has not started yet. |
| Ibisi Sewer Reticulation | R11 613 164,47 | MIG | 11 | The project is under construction and sitting at 18 % completion. |
| Mnqumeni/Santombe Water Supply Phase 5 and 6 | R3 061 938,38 | MIG | 14 | The project is under designs and hence no construction has started yet |
| Ncakubana Water Supply Scheme Phase 3 | R8 115 228,96 | MIG | 01 | The project is currently under construction and sitting at 44 % completion |
| Gala Donnybrook Water Supply | R8 593 519,01 | MIG | 6,7 | Completed and currently under defects liability period. |

| | | | | |
|-----------------------------------------------------------------|----------------|-----|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Greater Nomandlovu Water Supply Phase 2 | R2 483 479,57 | MIG | 13,14 | One contract for the Bulk line is completed and now fixing the defects on the M and E contract |
| Highflats Town Bulk Water Supply Scheme | R3 600 911,65 | MIG | 13 | Under Construction and currently sitting at 29,55 % completion |
| Rectification & Upgrade of Fairview and Town Sewer | R16 337 673,55 | MIG | 04 | Under construction sitting at 66 % completion. |
| Umzimkhulu Sewer Upgrade Phase 2 (Ward 16) | R3 047 563,27 | MIG | 16 | Under designs and as such construction has not started yet. |
| Creighton Water Supply | R4 454 353,40 | MIG | 15 | Under designs and as such construction has not started yet. |
| Umkhunya Water Supply Scheme (AFA) MIS 224801 | R7 947 060,80 | MIG | 05 | The contract has been mutually terminated between the Municipality and Contractor due to a land claim issue. |
| Makhoba Housing Water- Eradication of GKM Backlogs (AFA) | R355 114,67 | MIG | 02 | The project has issues with the beneficiaries that cannot be identified and the Local Municipality is handling the matter of identifying the beneficiaries. The project is now on hold. |
| CoVID 19 Interventions | R78 570,00 | MIG | Various Wards | The project has been completed and closed off |
| Mqatsheni Stepmore Water Supply | R578 897,19 | MIG | 12 | The project has been completed |
| Ntwasahlobo , Netherby and Ridge Water Scheme | R598 723,06 | MIG | 12 | The project is under designs |
| Bulwer Dam Emergency | R19 811 662,75 | MIG | | The project is under construction currently sitting at 99 % completion |

| | | | | |
|--------------------------------------------------|----------------|-----|--|-----------------------------------------------|
| Chibini Water Supply Scheme | R162 554,50 | MIG | | The project has been completed |
| Underberg Bulk Water Supply | R2 750 000,00 | MIG | | The project has been completed |
| Universal Rural Access Sanitation in Ubuhlebezwe | R11 498 096,70 | MIG | | Under Construction sitting at 65 % completion |

EXPANDED PUBLIC WORKS PROGRAMME (EPWP) INCENTIVE GRANT: 2021-2021-2022FY

The Expanded Public Works Programme (EPWP) is one of government arrays of programme aimed at providing poverty and income relief through temporary work for the unemployed to carry out socially useful activities.

Harry Gwala District Municipality received an allocation of R 4 596 000.00 as an Incentive Grant for the implementation of EPWP during 2021/22 financial year. The 100% expenditure of the EPWP allocation was reached by the end of March 2022, the Municipality had to go an extra mile and top up till the end of June 2022 in order to pay salaries for EPWP participants. Through implementation of EPWP ,361 of 1100 work opportunities created by the Municipality were paid with Incentive grant. Most importantly was the Municipality's creation of Full Time Equivalent (FTEs). FTE refers to employment that is equivalent to employing one person for one year of 230 effective working days, making sure that participants are employed for longer duration. Harry Gwala District Municipality had a target of 366 FTEs and achieved 535 (146%) of the target.

RURAL ROADS ASSETS MANAGEMENT SYSTEMS (RRAMS) : 2021/22FY

The programme is aimed at collecting road data to successfully create an asset register that will provide information required to plan for the management of roads and roads inventory within Harry Gwala District Municipality jurisdiction.

The strategic goal of the RRAM grant is to ensure effective and efficient investment in the rural roads through the development of Roads Asset Management System (RAMS) and the collection of associated roads and bridge inventory data condition assessment and traffic information. The improved data on rural roads will guide infrastructure investment for Local Municipalities improve accessibility and mobility of the rural communities.

Harry Gwala District Municipality received an allocation of R 2 275 000.00 for RRAMS implementation and achieving the strategic goal. The 100% expenditure was reached by the end of June 2022.

Harry Gwala District Municipality had **NO** allocation for 2021/22 financial year for the implementation of Regional Bulk Infrastructure Grant (RBIG) and Energy Efficiency Demand Management System (EEDMS).

| Description | | | Budget Year 2021/22 | | | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------|--------------------|---------------------|-----------------------|
| R (000) | Major Conditions | Adjusted Budget | Year Actual | Year Budget | YTD Variance | TYD Variance % |
| Rural Roads Asset Management Grant | To set up rural road assets management system and collect road and traffic data in line with the road infrastructure strategic framework | 2 275 | 2 275 | 2 275 | - | 100% |
| Expanded Public Works Programme | Provide poverty and income relief through temporally work of the unemployed to carry out social useful activities | 4 596 | 4 596 | 4 596 | - | 100% |

| GRANT USAGE | 2019/20 | 2020/21 |
|-------------|-------------------------|----------------------------|
| WSIG Budget | R 60 000 000.00 | R 60 000 000.00 |
| Expenditure | R 60 672 011, (100%) | R 60 004 984, 69 (100%) |

INTRODUCTION TO SANITATION PROVISION

| Job Level | FY 2019/20 | | F/Y 2020-2021 | |
|-------------|------------------|--------------|------------------|------------------|
| | No. of Employees | No. of Posts | No. of Employees | No. of Vacancies |
| Grade A 1-3 | 0 | 0 | 0 | 0 |
| Grade B 1-5 | 01 | 0 | 01 | 02 |
| Grade C 1-5 | 03 | 0 | 03 | 04 |
| Grade D 1-5 | 10 | 02 | 10 | 05 |

| | | | | |
|-------------|----|----|----|----|
| Grade E 1-2 | 03 | 01 | 03 | 0 |
| No Grade | 0 | | 0 | 0 |
| Total | 18 | 03 | 18 | 11 |

Employees: Sanitation Services (Infrastructure)

| Job Level | FY 2019/2020 | | F/Y 2020-2021 | |
|-------------|------------------|---------------------|------------------|------------------|
| | No. of Employees | No. of Funded Posts | No. of Employees | No. of Vacancies |
| Grade A 1-3 | 16 | 0 | 0 | 0 |
| Grade B 1-5 | 9 | 0 | 01 | 03 |
| Grade C 1-5 | 3 | 0 | 01 | 03 |
| Grade D 1-5 | 4 | 02 | 10 | 03 |
| Grade E 1-2 | 0 | 01 | 03 | 03 |
| No Grade | 0 | | | |
| Total | 32 | 03 | 16 | 12 |

Overall Comments on Water and Sanitation Services Performance

The Water Services Department is responsible for existence of HGDM as a Water Services Authority. Failure of this department to exercise the Water Services Authority and Provisioning may equate to the WSA status being revoked for HGDM. The department is also responsible for regulating water services functions through policies & bylaws, water quality and wastewater monitoring. Operation & Maintenance of all Water & Sanitation projects and activities are of key importance in ensuring water services provisioning. Customer satisfaction through Customer Care Unit is of paramount importance in ensuring that customers have confidence in HGDM services.

Currently Water Services department has got three Sections namely:

Research, Planning and Design

Water Governance and Customer Care

Operations and Maintenance

According to Regulatory Performance Measurement System, there are eleven Key Performance Areas that each Water Services Authority Municipality must perform. The national department of Water and Sanitation uses these key performance areas to measure the performance of WSAs and to decide whether the municipality's status as WSA remains or needs to be revoked. Water Services Department is responsible for 6 out of 11 Key Performance Areas namely:

KPA 1 & 2- Water and Sanitation Planning

KPA 5 & 6- Drinking Water Quality and Wastewater Quality Management

KPA 7- Customer Service Quality

KPA 11- Water Use Efficiency

Water Services has managed to perform all of the above 6 KPAs successfully.

A sampler for water and wastewater sampling has been appointed on a three year contract, meaning HGDM will now be compliant with its Risk Based Monitoring Program. Reasebetsa Customer Care System has improved since 2019/20 financial year, with new O&M modules being added in the system. A number of complaints or case that have been received through customer care have been attended to with some being resolved within 24-48 hours. Vacant positions that were vacant under Water Governance and Customer Care Section have been filled.

The Water Services Department has managed to review the Water Services Development Plan (WSDP), which was developed in 2017/2018. Currently, the developed WSDP scores 69.5% in terms of compliance according to DWS ratings and it is 2.78% higher than the previous years. The Harry Gwala DM will strive to improve more on its WSDP for the oncoming annual reviews.

The department has also developed more than 10 business plans for short, medium to long-term that aim at reducing the water provision backlog, providing continuous access to water and stimulate other economic developments, which rely on water supplies.

The water services department has managed to monitor and manage overtime expenditure for 2020/2021 and maintain it to 40hrs on normal overtime and 20hrs on

emergency overtime. In 2020/21 financial year, the department has managed to recruit permanently the process controllers, plumbers, truck drivers and general workers. There is still has a number of key vacant positions for the water services operations, but the recruitment drive done in 2020/21 is a step in a right direction in improving the operations responsibility of water services department.

The maintenance policy that was developed in 2019/2020 together with the approved operations and maintenance plan is assisting the water services department in improving its water and sanitation operations.

For the COVID-19 outbreak the water services department as one of the essential services department is playing a key role in filling up the 450 static water tanks received from the Department of Corporative Governance and Traditional Affairs (COGTA). The tanks are located in the council wards of Greater kokstad LM, Ubuhlebezwe LM, Dr NDZ LM, Umzimkhulu LM. The water services drilled a number of boreholes, equipped with solar powered pumps, elevated tank and a tap for the Villages of Dr NDZ in Kilmon area.

Employees 2021-2022: Corporate Services

| Job Level | FY 2020-2021 | | FY 2021-2022 | |
|------------|------------------|---------------------|------------------|------------------|
| | No. of Employees | No. of Funded Posts | No. of Employees | No. of Vacancies |
| T3 | 10 | 11 | 10 | 2 |
| T4 | 3 | 3 | 3 | 1 |
| T5 | 2 | 2 | 1 | 0 |
| T6 | 2 | 3 | 5 | 0 |
| T7 | 6 | 5 | 4 | 0 |
| T9 | 4 | 4 | 4 | 0 |
| T10 | 4 | 6 | 7 | 0 |
| T11 | 5 | 4 | 4 | 0 |
| T12 | 2 | 4 | 2 | 1 |

| | | | | |
|-----------------|-----------|-----------|-----------|-----------|
| T13 | 1 | 1 | 0 | 0 |
| T14 | 1 | 2 | 1 | 0 |
| T15 | 1 | 1 | 1 | 0 |
| T16 | 2 | 2 | 2 | 0 |
| No grade | 1 | 1 | 1 | 0 |
| Total | 44 | 49 | 45 | 04 |

Financial Performance Year 2021-2022: Corporate Services

| DETAILS | FY 2020-2021 | FY 2021-2022 | | | |
|----------------------------------|---------------------|------------------------|--------------------------|---------------|---------------------------|
| | ACTUAL | ORIGINAL BUDGET | ADJUSTMENT BUDGET | ACTUAL | VARIANCE TO BUDGET |
| Total Operational Revenue | R 152 737 | R 0 | R 290 386 | R 359 113 | -R 68 727 |
| Expenditure: | | | | | |
| Employees | R 26 624 149 | R 28 377 485 | R 24 887 460 | R 25 638 934 | R 751 474,00 |
| Repairs And Maintenance | R 507 588 | R 737 603 | | R 142 630 | R 463 652 |

| | | | | | |
|----------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | | | R 606 282 | | |
| Other | R 57 123 895 | R 60 414 993 | R 55 146 473 | R 55 302 495 | R 156 022 |
| Total Operational Expenditure | R 84 102 895 | R 89 530 081 | R 80 349 829 | R 80 724 936 | -R 375 107 |

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

ICT SYSTEMS PURCHASED DURING THE 2021/22

The Municipality purchased the following systems to ensure full functionality and adherence to audit requirements raised in the previous year:

- Additional off-site backup server
- Internet line speed upgrade
- Power-over-ethernet (PoE) Network Switches
- Dell Laptops
- Software Licenses
- Backup Fortigate Firewalls

Off-site backup

The Municipality has procured a new server Lenovo Think Centre SR650. The purpose of purchasing an additional backup server was to ensure that the ICT Unit is to ensure that the financial system (Solar) is able to function in the event of a disaster occurring on the main server. In addition, the commissioning of a backup server will assist the municipality in implementing its ICT Disaster Recover and ICT Business Continuity Plans. This server was commissioned, clustered and installed at Harry Gwala Disaster Recovery Server room. The testing of the ICT Disaster Recovery and ICT Business Continuity Plans has been in conducted in phases with the assistance of the municipal user departments and the Internal Audit Unit.

Internet line speed upgrade

The evolving world, which is dependent on technology, was a “push-factor” and made it vital that the municipality utilizes virtual platforms to host meetings and to utilize mobile routers to work from home. Furthermore, the traditional copper lines (used for phone calls and internet access) is being replaced by fibre optic cables, which provide a faster (and more reliable) link to the internet. The municipality is now utilizing fibre optic cables to make calls, receive calls and connect to the internet in the following satellite offices:

- Main office
- Umgeni (via wireless link to main office)
- Disaster Management Centre (via wireless link to main office)
- Kokstad Finance,
- Kokstad Water Services (Disaster Recovery Site)

The remaining satellite offices (Underberg, Umzimkhulu and Bulwer) will be upgraded to fibre during the 2022/2023 financial year.

Network switches

The ICT Unit has procured 2 x 48 ports Power Over Ethernet (POE) Switches. The replacement of these switches were triggered two faulty distribution switches which are situated in the main building. Additional switches will be procured during the 2022/2023 financial year in order for the municipality to have spare switches for faster restoration of services in the case where a switch becomes faulty.

Procurement of computers

During 2021/2022 financial year, the ICT Unit procured 41 laptops. These laptops were procured for a combination of reasons, namely; for new employees, replacement of old faulty laptops and to enable users to be able to work from home and have some flexibility when moving from main office to satellite offices.

SOFTWARE LICENSES

Microsoft licenses

The municipality utilizes Microsoft software for the compilation of documents, sending/receiving of emails, compiling PowerPoint presentation, Drawing up of spreadsheets and running of the computer operating systems. All the software needs to be licensed and the subscription of the Microsoft licenses is paid for on an annual basis. ION Consulting (PTY) Ltd is the company which

re-sells all the municipality's Microsoft licenses. The anniversary date for Microsoft licensing is on the 1st of September of every year.

The cost of the subscription is not constant and it is influenced by the following aspects:

1.1 Rate of Exchange (ROE) – the weaker the strength of the South African Rand, the higher the cost of the license.

1.2 Number of users – an increase in the number of users causes an increase in the number of licenses required resulting in the slight increase of the cost of the subscription.

All Microsoft licenses were procured during the month of August 2021.

Veeam backup software (for backups)

Veeam backup software licenses are paid for annually. The anniversary date for the licenses is on the 1st November of each year. The annual subscription fee for the backup software was procured during the month of August 2021.

Eset Endpoint Protection (Antivirus)

The municipality utilizes an antivirus program called Eset Endpoint Protection as a line of defense for the municipality's computers and Windows servers. The antivirus software license is also paid on an annual basis. The annual subscription fee for the backup software was procured during the month of August 2021.

AD Manager

The Municipality is using AD Manager Software for the overall administration of user accounts, audit user access rights and to monitor the violation of user access rights. This software is also used to monitor user activities and to extract audit of all activities in Municipal ICT environment. The annual license subscription was done during the month of August 2021.

Fortigate firewall and FortiCloud license

The Municipality is utilizing Fortigate Firewall to restrict, prevent unauthorized access and filter incoming and outgoing traffic within the municipal network. We also use FortiCloud to pull violation reports on our FortiCloud. The municipality is currently using two (2) Fortigate 101E firewalls (1 passive and 1 failover) and the licensing of these devices was done during the month of August 2021.

Backup Fortigate Firewalls

An additional two (2) Fortigate 101F firewalls were purchased during the month April 2022 for implementing the ICT Disaster Recovery Plan as advised by the Auditor General of South Africa.

Cyber Security and ICT Awareness Campaigns

South African government responded in 2015 with a National Cyber security Policy Framework (NCPF), with implementation led by the Ministry of State Security. The Protection of Personal Information (POPI) Act of 2013 created the Information Regulator to ensure data privacy. A service provider was appointed in order to assist the municipality with cyber security threats, monitor, and to introduce system tools (for example KnowBe4) to conduct training for security awareness and block hackers 24/7 on Harry Gwala District Municipality (HGDM) systems.

Cyber security awareness is conducted regularly through emails and trainings users to understand how to mitigate risk of cyber-crime, phishing attacks, ransomware, social engineering etc. It is imperative that all municipal adhere to the regulations put in place in order to assist in the fight against cyber-crime in the work place and at home.

COMMENTS ON THE INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Harry Gwala District Municipality continues to upgrade its ICT equipment and infrastructure in order to provide quality services to its customers, the general public and the residents within and around the District. By licensing the municipal software and upgrading outdated ICT equipment, the users of technology are able to efficiently communicate by means of emails, telephones, social media and the website. This also enables the users to meet the demands of the Municipality. The website (www.harrygwaladm.gov.za) has proven to be a useful communication tool due to the results, which appear on the statistics of the website. Members of the community, government departments, the private sector, etc. interact with the website by browsing, downloading content, publishing feedback and interacting with the social network quick-links found on the website. In addition, individuals are also able to access documentation, which have been uploaded as prescribed by legislation.

The Harry Gwala District Municipality Council approved and adopted a number of revised ICT policies, procedures and plans. These included the Information Systems and Security Policy, the Backup Plan, the Master Systems Plan, the Logical Access Management Policy, the Firewall Policy, the Disaster Recovery Plan, The Business Continuity Plan, the Change Management Procedure, the ICT Governance Framework and the Cyber Security Policy.

The Municipality will continue to keep abreast with current and new technologies and adhere to leading practices in order to host and protect all municipal information and

data. Currently, the Municipality consistently upgrades its internet to enhance connectivity and employee productivity.

ICT Policies

1. Information Systems and Security (ISS) Policy
2. Backup Plan
3. Master Systems Plan
4. User Access Management / Logical Access Management Policy
5. Firewall Policy
6. Disaster Recovery Plan
7. ICT Business Continuity Plan
8. Change Management Policy and Procedure
9. ICT Governance Framework
10. Server Room Maintenance Plan
11. Cyber Security Policy

Comments on the Performance of Human Resource

Recruitment, Selection and Conditions of Service

Organogram

The full organizational structure has 828 positions

The key positions (Senior Management positions) are filled as follows:-

| | |
|--------------------------------------------------------------|--------|
| Municipal Manager | Vacant |
| Chief Financial Officer | Filled |
| Executive Director: Social Services and Development Planning | Filled |
| Executive Director: Corporate Services | Filled |
| Executive Director: Infrastructure Services | Filled |
| Executive Director: Water Services | Filled |

The total vacancy rate in the municipality is 11,2% (based on the total funded positions)

- Total number of staff 428
- Vacant posts (funded) 54
- Frozen posts (unfunded) 346
- Total in structure 828

Staff Retention Rate

Currently at Harry Gwala District Municipality there are 428 positions filled as follows:-

Permanently employed (404), Contract Appointments which include short and long term contracts (19) and Senior Managers also called Section 56 and 54A (5). employees employed. In the past year, 2021/2022 there were 23 people that left the institution due to resignation, death, retirement and contract expiry.

Retention Rate calculation

| Number of stayers | <i>Divided by</i> | Number of personnel at beginning of period | <i>Times 100</i> | <i>Equals</i> | Your retention rate |
|-------------------|-------------------|--------------------------------------------|------------------|---------------|---------------------|
| (404 | ÷ | 411) | X 100 | = | 98,3% |

Staff Turnover rate

Currently at Harry Gwala District Municipality we have 428 employees. There were 23 people that left the institution due to resignation, death, retirement and contract expiry.

Turnover Rate calculation

| Number of leavers | Divided by | Number of people employed | Times 100 | Equals | Your turnover rate |
|-------------------|------------|---------------------------|-----------|--------|--------------------|
| (23 | ÷ | 428) | X 100 | = | 5,4% |

Job Evaluation and Job Grading

Harry Gwala District Municipality is currently utilising Patterson Salary Grading Scheme regardless of SALGA NEC having adopted TASK Job Evaluation System as the applicable system in the Local Government sector. TASK was introduced in order to ensure uniformity as well as to eliminate salary disparities. In KwaZulu Natal, SALGA agreed to establish 5 Job Evaluation Regions with 5 Job Evaluation Units (UThungulu, UMsunduzi, Ugu, Ethekwini & EMnambithi) and a Provincial Audit Committee for the province which seats at KZN SALGA offices. Harry Gwala District Municipality is under UMsunduzi Region which is region 2. Job descriptions were evaluated and sent to the Provincial Audit Committee for auditing, the final outcome results were sent to the Municipal Manager and they were officially published in August 2021. The organisational structure was amended accordingly to reflect new titles as per Final Outcome Report.

| Region | Municipal Code | Status | No. of Positions | No. of Posts | No. of Evaluated posts |
|---------------|-----------------------|----------------------------------------------------------|-------------------------|---------------------|-------------------------------|
| 2 | D43 | Preliminary results submitted to the Job Evaluation Unit | 831 | 449 | 449 |

Human Resource Management & Development Strategy and Implementation Plan

The purpose of the Human Resource Management & Development Strategy and Implementation Plan is to outline key interventions to be undertaken by the municipality in ensuring that it has the right number of people, with the right composition and with the right competencies, in the right places to enable it to deliver on the mandates and achieve its strategic goals and objectives. HR strategic planning is about determining the demand and supply of employees that are critical to achieving strategic objectives, analyzing the gap between the demand and supply and developing a plan that seeks to close the gap.

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five-year IDP. In order to ensure that the municipality makes the best

possible use of its resources to attain its commitments and programme objectives set out in the IDP and SDBIPs, a well-structured HRM & HRD Strategy and an Implementation Plan must be in place. The strategy informs the decision-makers on the three critical issues:

- current *supply* of human resources;
- human resources *demand*; as well as
- Prioritised and *strategic HR actions* to be taken.

The Human Resource Management and Development Strategy represents the first step in transforming Human Resource Management and Development within the Municipality and is an attempt at defining the future status.

Skills Development

The Harry Gwala District Municipality has developed a Workplace Skills Plan to address the skills and competency needs of its Employees, Councillors and Traditional Leaders. The Workplace Skills Plan and the Annual Training Report were submitted to the Local Government Sector Education and Training Authority (LGSETA) on 28 April 2022.

In the 2021/2022 financial year, Harry Gwala District Municipality planned and implemented the following training and development interventions:

Training and Development Interventions

| NAME OF THE LEARNING PROGRAMMES | NUMBER OF BENEFICIARIES | TYPE OF LEARNING INTERVENTION | TRAINING PERIOD |
|---------------------------------------------|--------------------------------|--------------------------------------|------------------------------|
| Disciplinary Regulation for Senior Managers | 3 | Workshop | 06 August 2021 |
| Main Collective Agreement | 1 | Workshop | 19 August 2021 |
| Trade Test (Plumbing) | 4 | Technical | 30 August- 03 September 2021 |
| Talent Management | 4 | Seminar | 21-22 September 2021 |
| End User Training | 12 | Skills Programme | 27 September 2021 |
| Systems Administrator | 4 | Technical | 28-29 September 2021 |

| | | | |
|------------------------------------------------------------------|----|------------------|-------------------------------------------------------------|
| Case Ware | 11 | Skills Programme | 28-30 September 2021 |
| Business Continuity | 01 | Skills Programme | 19-20 October 2021 |
| Local Government Supply Chain Management Capacity Building | 6 | Short Course | 05,12,19 and 26 November 2021 |
| Payday | 3 | Short Course | 25-29 October and 15-17 November 2021 |
| CPMD | 1 | Learnership | 22 November 2021 (To be Completed on 22 July 2022) |
| Fleet Management | 1 | Short Course | |
| Environmental Management Inspectors | 3 | Skills Programme | 22-27 November 2021 |
| Annual Asset Management Indaba | 2 | Conference | 25-26 November 2021 |
| Customer Care | 5 | Skills Programme | 29 November- 01 December 2021 |
| Law Enforcement by Peace Officer | 4 | Skills Programme | 06- 09 December 2021 |
| ARC-GIS | 2 | Skills Programme | 17-21 January 2022 |
| Chlorine Handling | 46 | Skills Programme | 18-20 January 2022 |
| Intermediate Computer Training | 25 | Skills Programme | 24-26 January 2022 and 13-15 June 2022 |
| Councillor Induction | 14 | Workshop | 31 January- 04 February 2022 |
| Advanced Excel Computer Training | 15 | Skills Programme | 08-10 February 2022 |

| | | | |
|--------------------------------------------------------------------|----|------------------|----------------------|
| Information Technology General Controls Non-It Auditors (ITGC) | 1 | Skills Programme | 14- 16 February 2022 |
| HR Payday Training | 2 | Technical | 14-16 February 2022 |
| Financial Auditing in the Public Sector | 1 | Skills Programme | 23-25 February 2022 |
| Internal Audit and Risk Training on Asset Management | 1 | Skills Programme | 24-25 February 2022 |
| 4 th Annual Local Government Governance and Performance | 3 | Seminar | 24-25 March 2022 |
| Labour Law | 2 | Workshop | 29-30 March 2022 |
| Public Sector Audit and Risk Indaba | 3 | Workshop | 12-13 April 2022 |
| Finance Portfolio Councillor Induction | 11 | Workshop | 25-26 April 2022 |
| Public Speaking and Report Writing | 11 | Skills Programme | 11-13 May 2022 |
| Supply Management Training | 25 | Skills Programme | 9-10 June 2022 |
| Supervisory | 30 | Skills Programme | 13-15 June 2022 |
| Peer Learning for Speakers | 1 | Workshop | 9 June 2022 |
| MPAC | 8 | Workshop | 8-9 June 2022 |

In the 2021/2022 financial year, Harry Gwala District Municipality granted the following bursaries:

Bursaries

| COURSE | NUMBER OF STUDENT | INSTITUTION | DEPARTMENT |
|---------------------------------------|-------------------|-------------|------------------|
| Advanced Diploma: Business Management | 1 | MANCOSA | Office of the MM |

| | | | |
|-------------------------------------------------------------------------|---|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Post Grad Diploma: Information Technology Management | 1 | MANCOSA | Corporate Services |
| Bachelor of Public Administration Honours | 3 | MANCOSA (3) | Corporate Services (2) Social Services (1) |
| Bachelor of Business Administration Honours | 1 | MANCOSA | Finance Services |
| Post Grade: Diploma in Risk Management | 1 | MANCOSA | Corporate Services |
| Post Grade: Diploma in Public Management | 1 | North-West University | Social Services |
| Under Graduate Bachelor of Commerce in Financial Management | 1 | MANCOSA | Finance Services |
| Bachelor In Public Administration | 7 | MANCOSA (5) Stadio Formerly SBS (1) Regent Business School (1) | Corporate Services (1) Finance Services (2) Water Services (3) Social Services (1) |
| Certificate in Supervision Management | 1 | UNISA | Water Services |
| Bachelor of Arts in Governance | 1 | North-West University | Office of the MM |
| MCOM Development Finance | 1 | University of Cape Town | Finance Services |

Employment Equity

The Employment Equity Plan for the period starting 1 October 2017 - 30 September 2022 was adopted by Council on the 26 June 2021.

The Employment Equity Report of the HGDM was completed in the 2020/21 reporting period and was submitted to the Department of Labour on the 14th of January 2022.

Below is the current municipal employee profile in the Harry Gwala District Municipality:

| | |
|--------------------------|--------|
| African | 97,16% |
| Coloured | 2,13% |
| Indians | 0,24% |
| Whites | 0,47% |
| People with Disabilities | 0,9% |

The Employment Equity Plan (5-year plan) is due for review for the 2022/2023 financial year.

Comments on the performance of Corporate Services

The Corporate Services Department provides administrative and corporate support services to all Departments within Harry Gwala District Municipality. The Department is comprised of these Units: Administration and Corporate Support, Records Management, Fleet Management, Information and Communication Technology, Human Resource and Development, Occupational Health and Safety, and Communications. The Department sets its performance targets based on the Integrated Development Plan and other relevant documents, which are at the disposal of the Municipality. We complied with other legislation, for example, we submitted our Workplace Skills Plan and Annual Training Report timeously to the Local Government Sector Education and Training Authority and all the parties have agreed and appended their signatures and submitted the Employment Equity Report to the Department of Labour on/before the due dates.

Although the Department struggled to meet some of its targets for the year due to financial constraints, there were those targets that we exceeded on like producing a resolution register for Council in order to track progress made in implementing those resolutions; providing on-time responses to negative publicity; continuously verifying employee qualifications from Senior Management to lower level employees; functionality of the Information and Communication Technology Steering Committee; and last but not least, consistently reporting on the use of municipal vehicles and costs incurred thereo

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

4.1 Employee total turnover and vacancies

The information cited hereunder is as per the organizational structure approved on 28 June 2019.

| EMPLOYEES | | | | | |
|------------------------------------------|------------------|---------------------------|--------------------------------------|----------------------------------------|-----------------------------------|
| Description | FY 2020/2021 | FY 2021/2022 | | | |
| | No. of Employees | No. of Approved Positions | No. of Employees (excluding Interns) | No. of Vacancies (Funded and Unfunded) | Vacancies (as a % of Total Posts) |
| Office of the Municipal Manager | 18 | 34 | 18 | 22 | 11.8% |
| Budget & Treasury Services | 66 | 94 | 71 | 73 | 2.1% |
| Water Services | 223 | 553 | 227 | 264 | 6.7% |
| Corporate Services | 38 | 52 | 45 | 49 | 7.7% |
| Social Services and Development Planning | 44 | 61 | 44 | 48 | 6.6% |
| Infrastructure Services | 22 | 34 | 22 | 25 | 8.8% |
| Total | 411 | 828 | 428 | 481 | 50,9% |

| Vacancy Rate as per the categories stated below: 2021/22 | | | |
|-----------------------------------------------------------------|-----------------------------|-----------|------------------------------------------------|
| Description | Total No. of Approved Posts | Vacancies | Vacancies (as a % of total posts per category) |
| Municipal Manager | 1 | 1 | 100% |
| CFO | 1 | 0 | 0% |
| s.57 Managers (excluding Finance) | 4 | 0 | 0% |
| Highly skilled supervision: T12-T18 (excluding Finance) | 120 | 15 | 12.5% |
| Highly skilled supervision: T12-T18 (Finance posts) | 24 | 1 | 4.2% |

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 67 of the MSA states that "A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72(I)(c), to ensure fair, efficient, effective and transparent personnel administration..." This component cites the range of workforce management and progress made in the development of workforce policies and management practices during FY 2020 /2021.

4.2 POLICIES AND PLANS

| HR Policies and Plans | | | | |
|------------------------------|-----------------------------------|------------|------------|--------------------------------------------------------|
| | Name of Policy | % Complete | % Reviewed | Date Adopted by Council or Comment on Failure to Adopt |
| | | | | |
| 1) | Acting in higher position | 100% | N/A | Adopted on the 29 June 2022. |
| 2) | Annual leave policy | 100% | N/A | Adopted on the 29 June 2022. |
| 3) | Attendance and Punctuality Policy | 100% | N/A | Adopted on the 29 June 2022. |

| | | | | |
|------------|-------------------------------------------------|------|-----|------------------------------|
| 4) | Bullying and Violence in the workplace POLICY | 100% | N/A | Adopted on the 29 June 2022. |
| 5) | Bursary policy | 100% | N/A | Adopted on the 29 June 2022. |
| 6) | COVID-19 Policy | 100% | New | Adopted on the 29 June 2022. |
| 7) | Death in Service Policy | 100% | N/A | Adopted on the 29 June 2022. |
| 8) | Dress Code Policy | 100% | N/A | Adopted on the 29 June 2022. |
| 9) | Disciplinary & Grievance policy | 100% | N/A | Adopted on the 29 June 2022. |
| 10) | Employee wellness policy | 100% | N/A | Adopted on the 29 June 2022. |
| 11) | Experiential training policy | 100% | N/A | Adopted on the 29 June 2022. |
| 12) | Employee Equity Policy | 100% | N/A | Adopted on the 29 June 2022. |
| 13) | Family responsibility leave | 100% | N/A | Adopted on the 29 June 2022. |
| 14) | HIV and AIDS policy | 100% | N/A | Adopted on the 29 June 2022. |
| 15) | Incapacity Due to Ill Health or Injury | 100% | N/A | Adopted on the 29 June 2022. |
| 16) | Incapacity Due to Poor Performance | 100% | N/A | Adopted on the 29 June 2022. |
| 17) | Individual Performance Management System Policy | 100% | N/A | Adopted on the 29 June 2022. |
| 18) | Induction policy | 100% | N/A | Adopted on the 29 June 2022. |
| 19) | Injury on Duty Policy | 100% | N/A | Adopted on the 29 June 2022. |

| | | | | |
|------------|------------------------------------------|------|-----|------------------------------|
| 20) | Internal transfer policy | 100% | N/A | Adopted on the 29 June 2022. |
| 21) | Learnership policy | 100% | N/A | Adopted on the 29 June 2022. |
| 22) | Mentoring and Coaching Policy | 100% | N/A | Adopted on the 29 June 2022. |
| 23) | Occupational health and safety policy | 100% | N/A | Adopted on the 29 June 2022. |
| 24) | Overtime policy | 100% | N/A | Adopted on the 29 June 2022. |
| 25) | Parental leave | 100% | N/A | Adopted on the 29 June 2022. |
| 26) | Private Work and Declaration of Interest | 100% | N/A | Adopted on the 29 June 2022. |
| 27) | Probation leave | 100% | N/A | Adopted on the 29 June 2022. |
| 28) | Recruitment and selection policy | 100% | N/A | Adopted on the 29 June 2022. |
| 29) | Scarce & Critical skill policy | 100% | N/A | Adopted on the 29 June 2022. |
| 30) | Sexual harassment policy | 100% | N/A | Adopted on the 29 June 2022. |
| 31) | Sick leave | 100% | N/A | Adopted on the 29 June 2022. |
| 32) | Skills development policy | 100% | N/A | Adopted on the 29 June 2022. |
| 33) | Smoking Policy | 100% | N/A | Adopted on the 29 June 2022. |
| 34) | Staff appointment policy | 100% | N/A | Adopted on the 29 June 2022. |
| 35) | Standby policy | 100% | N/A | Adopted on the 29 June 2022. |

| | | | | |
|------------|------------------------------------------------|------|-----|------------------------------|
| 36) | Study leave policy | 100% | N/A | Adopted on the 29 June 2022. |
| 37) | Subsidized motor vehicle scheme | 100% | N/A | Adopted on the 29 June 2022. |
| 38) | Task Job Evaluation Policy | 100% | N/A | Adopted on the 29 June 2022. |
| 39) | Termination of service policy | 100% | N/A | Adopted on the 29 June 2022. |
| 40) | Travel and subsistence policy | 100% | N/A | Adopted on the 29 June 2022. |
| 39) | Work from Home Policy | 100% | N/A | Adopted on the 29 June 2022. |
| | | | | Adopted on the 29 June 2022. |
| | Strategies/ Plans | | | Adopted on the 29 June 2022. |
| 1) | Integrated Employee Health & Wellness Strategy | 100% | N/A | Adopted on the 29 June 2022. |
| 2) | HRM & HRD Strategy and Implementation Plan | 100% | N/A | Adopted on the 29 June 2022. |
| 3) | Employment Equity Plan | 100% | N/A | Adopted on the 29 June 2022. |
| 4) | COVID-19 Plan | 100% | N/A | Adopted on the 29 June 2022. |

4.3 Occupational Health & Safety and Employee Wellness

The OHS Act provides for the health and safety of employees at work and for the health and safety of persons in connection with the use of plant and machinery; the protections of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for health and safety; and to provide for matters connected to Occupational Health and Safety.

This Unit deals with the following:

1. Health and Safety in the institution
2. Pre-employment Medical Examinations
3. Executive Medical Examinations
4. Medical Examinations for pension purposes
5. Exit Medical Examinations
6. Annual Medical Vaccinations
7. Annual Immunisation
8. Injury on duty cases
9. Occupational diseases
10. Implementation of wellness programmes

4.4 INJURIES, SICKNESS AND SUSPENSIONS

There were eleven days lost when two of our employees were injured at work. Those employees had to be referred to registered Medical Practitioners for assessment and hospital.

Steps taken to reduce injuries:

The Municipality appointed a service provider to assist with Health and Wellness matters for employees. The service Provider promotes health and wellness as stipulated in the Integrated Health and Wellness Strategy where employees are encouraged about living healthy lifestyle so that they can be fully fit at work. The Municipality procured signs, which included warning signs as recommended by Department Employment and Labour inspectors. The Municipality did a risk assessment, which was basically to identify hazards and associated risks, and management recommendations were made so as to minimize risks. The Municipality provided employees with Protective Clothing Equipment for those hazards that employees are exposed to, which cannot be eliminated.

| Number and Cost of Injuries on Duty | | | | |
|----------------------------------------------|---------------------------|-------------------------------------|--------------------------------------------|-----------------------------|
| Type of Injury | Injury Leave Taken (Days) | No. of Employees Using Injury Leave | % Proportion of Employees Using Sick Leave | Average Injury per Employee |
| Required basic medical attention only | 8 | 0 | 1.96% | 4 |
| Temporary disablement | 11 | 2 | | |
| Permanent disablement | 0 | 0 | | |
| Fatal | 0 | 0 | | |
| Total | 19 | 02 | 1.96% | 4 |

| Number of days and Cost of sick leave (excluding Injuries on Duty) | | | | |
|---------------------------------------------------------------------------|-----------------------|-----------------------------------|--------------------------------|----------------------------------------|
| Salary band | Total Sick Leave Days | No. of employees using sick leave | Total no. of employees in post | Average sick leave per employee (Days) |
| Lower skilled (T1-4) | 46 | 18 | 136 | 3 |
| Skilled (T5-T8) | 36 | 14 | 128 | 2 |
| Highly skilled production (Levels T9-T13) | 61 | 24 | 76 | 3 |
| Highly skilled supervision (T14 – T18) | 101 | 13 | 82 | 2 |

| | | | | |
|-------------------|------------|-----------|------------|----------|
| Senior management | 11 | 3 | 5 | 2 |
| Municipal Manager | 3 | 1 | 1 | 3 |
| Total | 258 | 73 | 428 | 3 |

It should be noted that the “*Total Number of Employees in Post*” refers to the number of employees in post at the beginning of the FY 2021/2022.

DISCIPLINARY CASES

| Disciplinary Action Taken on Cases of Financial Misconduct | | | | |
|-------------------------------------------------------------------|----------------------|----------------------------------------|------------------|----------------|
| EMPLOYEE | ISSUE | STATUS | DATE | COMMENT |
| Cashier | Financial Misconduct | Unfair Dismissal Application Dismissed | 27 May 2022 | N/A |
| ISD Officer | Financial Misconduct | Not Guilty | 11 April 2022 | N/A |
| Director: Expenditure | Financial Misconduct | Reinstated by SALGBC | 12 November 2020 | N/A |
| Senior Clerk: Salaries | Financial Misconduct | Settlement Agreement at SALGBC | 23 March 2021 | N/A |

SUSPENSIONS

| 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 finalized | Date finalized |
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |

DISMISSALS / DISCIPLINARY CASES IN PROGRESS

| Position | Nature of alleged misconduct | Disciplinary action taken | Date dismissed |
|------------------|------------------------------|---------------------------|----------------|
| Office Attendant | Abscondment | Disciplinary Process | N/A |

4.4 PERFORMANCE REWARDS

| Performance Rewards by Gender | | | | | |
|----------------------------------------|--------|---------------------------------|----------------------|------------------------------------------|--------------------------------------------|
| Designations | Gender | Total No. of Employees in Group | No. of Beneficiaries | Expenditure on Rewards 2019/2020 (R'000) | % Proportion of Beneficiaries Within Group |
| Lower skilled (T1 – T3) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Skilled (T4 – T8) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly skilled production (T9-T13) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly skilled supervision (T14 – T18) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |

| | | | | | |
|-------------------|--------|---|---|---|---|
| Senior management | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Municipal Manger | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Total | | 0 | 0 | 0 | 0 |

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

Section 68 of the MSA requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Harry Gwala District Municipality conducts its training through the Work Place Skills Plan. In the 2021/20212 financial year, 60% of the training budget was utilized. The under expenditure was because most of the trainings were conducted virtually due to the outbreak of Covid-19 and some of them had no direct cost. Some of the training programmes were offered by external stakeholders such as SALGA, COGTA, LGSETA at no cost.

In accordance with the MFMA Competency Regulations, progress in the HGDM financial competency development is as follows:

| Financial Competency Development: Progress Report | | | | | | |
|----------------------------------------------------------|-------------------------------------------|----------------------------------------------------|--------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Description | A. Total no. of official employed by HGDM | B. Total no. of official employed by HGDM Entities | Consolidated Total (A+B) | Consolidated competency assessments completed for A & B | Consolidated no. of officials whose performance agreements comply with Reg. 16 | Consolidated no. of officials who meet prescribed competency levels |
| | | | | | | |

| | | | | | | |
|------------------------------------------|-----------|----------|-----------|-----------|----------|-----------|
| Financial Officials | | | | | | |
| Accounting Officer | 0 | 1 | 1 | 1 | 0 | 1 |
| Chief Financial Officer | 1 | 1 | 2 | 0 | 2 | 1 |
| Senior Managers | 4 | 0 | 4 | 2 | 3 | 3 |
| Any other officials | 46 | 0 | 46 | 46 | 0 | 46 |
| Supply Chain Management Officials | | | | | | |
| Heads of SCM Unit | 1 | 0 | 1 | 1 | 0 | 1 |
| SCM Senior Managers | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 52 | 4 | 57 | 50 | 7 | 52 |

Skills Development Expenditure (R'000)

| Original Budget & Actual Expenditure on Skills Development | | | | | | | | | | |
|------------------------------------------------------------|--------|----------------------------------------|-----------------|---------|---------------------------------------------------|-------------------------|-----------------|--------|-----------------|---------|
| Management level | Gender | Employees as at beginning of 2021/2022 | Learnerships | | Skills Program s, Bursaries & Other short Courses | Other Forms of Training | Total | | | |
| | | No. | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual |
| MM & Section 56 Managers | Female | 3 | R50 000 | R58 000 | | | R5000 | R3000 | R55000 | R63 000 |

| | | | | | | | | | | |
|--------------------------------------------|--------|----|----------|----------|---------|--------|--|--|----------|--------|
| | Male | 3 | | | | | | | R110 000 | |
| Legislators, Senior Officials and Managers | Female | 35 | R270 000 | R260 000 | R40000 | R40000 | | | R115 000 | R50000 |
| | Male | 36 | R200 000 | R160 000 | R40 000 | R40000 | | | R185 000 | R50000 |
| Professionals | Female | 38 | R50 000 | R40 000 | R80000 | R80000 | | | R100 000 | R90000 |
| | Male | 28 | R60 000 | R60 000 | R92000 | R92000 | | | R110 000 | R70000 |
| Technicians and Associate Professionals | Female | 9 | R20 000 | R20 000 | | | | | R95 965 | R74210 |
| | Male | 40 | R20 000 | R20 000 | | | | | R75 000 | R65000 |
| Clerks | Female | 38 | R100 000 | R100 000 | R90000 | R90000 | | | R120 000 | R60000 |
| | Male | 14 | | | R30000 | R29000 | | | R107 000 | R50000 |
| Service and Sales Workers | Female | 6 | | | | | | | R70 000 | |
| | Male | 4 | | | | | | | 0 | |
| Plant and Machine Operators and Assemblers | Female | 10 | | | | | | | 0 | |
| | Male | 34 | | | | | | | R20 000 | |

| | | | | | | | | | | |
|--------------------------------------------------------------------------------------------------|--------|-----|----------|----------|---------|---------|--|--|----------------------|--------|
| Elementary occupations | Female | 58 | | | | | | | R50 000 | R70000 |
| | Male | 88 | | | | | | | R60 000 | R20000 |
| Sub-total | Female | 197 | | | | | | | | |
| | Male | 247 | | | | | | | | |
| Total | | 444 | R770 000 | R718 000 | R372000 | R371000 | | | R1 272965 | R73221 |
| Total budget for training and development 2021/22 | | | | | | | | | R2 891 689.00 | |
| % and R value of municipal salaries (original budget) allocated for workplace skills plan | | | | | | | | | | |

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

| Number of employees whose salaries were increased due to positions being upgraded | | |
|------------------------------------------------------------------------------------------|--------|------------------------|
| Designations | Gender | Total No. of Employees |
| Lower skilled (T1-T3) | Female | None |
| | Male | None |
| Skilled (T4-T8) | Female | None |
| | Male | None |
| Highly skilled production (T9-T13) | Female | None |
| | Male | None |
| Highly skilled supervision (T14-T18) | Female | None |
| | Male | None |
| Senior Management | Female | None |
| | Male | None |
| Municipal Manager | Female | None |
| | Male | None |
| Total | | None |

| No. of employees whose position was upgraded | Date of implementation | No. of appeals submitted | No. of employees who are personal to holder |
|-----------------------------------------------------|-------------------------------|-------------------------------------------------------------|----------------------------------------------------|
| 187 | 01/08/2021 | 33 appeals were submitted to the Provincial Audit Committee | 217 |

Job evaluation process is currently underway thus the table above is not applicable.

| Employees appointed to posts not approved | | | | |
|--------------------------------------------------|-------|---------------------|---------------|--------------------------------------------------------|
| Department | Level | Date of appointment | No. appointed | Reason for appointment when no established post exists |
| N/A | N/A | N/A | N/A | N/A |

The HGDM Organizational structure was approved after engagement of the employer and employee representatives. There were positions that were upgraded in the 2021/2022 financial year because the municipality after the implementation of the job evaluation in August 2021.

WEBSITES

COMMENTS ON MUNICIPAL WEBSITE CONTENT AND ACCESS

Harry Gwala DM developed policies that will ensure full compliance with the requirement of section 75 of the MFMA. In 2018/19 financial year, the municipality updated the content of the website and communities does have access to it. Below are documents that were uploaded onto the website:

| Type of Document | Posted to the municipal website (Y/N) | Comments |
|---------------------------------------------------------------------------------------------------------|---------------------------------------|----------|
| The current annual and adjustments budgets, all budget-related documents and policies | Y | N/A |
| The previous annual report | Y | N/A |
| All service delivery agreements | Y | N/A |
| All performance agreements for section 57 managers | Y | N/A |
| All long-term borrowing contracts; | Y | N/A |
| All supply chain management contracts above a prescribed value | Y | N/A |
| An information statement containing a list of assets over a prescribed value that have been disposed of | N | N/A |
| Contracts having future budgetary implications | Y | N/A |
| Public-private partnership agreements listed in section 120 of the MFMA | N/A | N/A |
| All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA | Y | N/A |

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

ICT SYSTEMS PURCHASED

The Municipality purchased the following systems to ensure full functionality and adherence to audit requirements raised in the previous year:

- Off-site backup
- Telephone upgrade
- Network switches
- Laptops (HP and Dell)
- Software Licenses
- AD Monitor
- Fortigate Firewall

Off-site backup

The Municipality procured a new server Lenovo ThinkCentre SR650. The server was commissioned, clustered and installed at Harry Gwala District Main Server Room. The old server at the Main Office was moved to Kokstad to be used as a backup server. The off-site backup was completed. The testing of disaster recovery centre was conducted in March 2020.

Telephone upgrade

The Municipality uses telephones as one of its primary means of communication with the community, stakeholders, Service Providers, Councillors, Traditional Leaders, Local Municipalities, etc. Telkom is the main Service Provider who has been servicing the municipality for telephone services. With emerging technologies and challenges faced with the old telephone infrastructure, the ICT Unit embarked on a project of upgrading the municipal telephone infrastructure. A five-year Master Service Agreement has been signed between the Municipality and Telkom.

These benefits were realised after the upgrade:

- Centralized telephone management system (TELTRACE) on a single computer which will reside in the main office;
- Free telephone calls between Main Office and Satellite Offices;
- Free telephone calls – Satellite Office-to-Satellite Office; and
- A reduced municipal telephone bill.
- Network switches

The Municipality procured 2 x 48 ports and 12 x 24 ports Power Over Ethernet (POE) switches. The replacement of these switches was triggered by the upgrade of telephone lines, which required all telephone handsets to be powered with Ethernet cables. These switches were installed in the Main Office and all Satellite Offices.

Procurement of computers

The Municipality procured 33 laptops, which most of them were for new employees and the rest were allocated to employees whose computers reached their useful life.

SOFTWARE LICENSES

Microsoft licenses

The municipality utilizes Microsoft software for the compilation of documents, sending/receiving of emails, compiling PowerPoint presentations, drawing up of spreadsheets and running of the computer operating systems. All the software needs to be licensed and the subscription of the Microsoft licenses is paid for on an annual basis. ION Consulting (Pty) Ltd is a licensed re-seller of Microsoft licenses and all our Microsoft licenses are procured via them. The anniversary date for Microsoft licensing is the 1st September every year.

The subscription cost varies and it is influenced by the following aspects:

Rate of Exchange (ROE) – the weaker the strength of the South African Rand, the higher the cost of the license; and

Number of users – an increase in the number of users causes an increase in the number of licenses required resulting in the slight increase of the cost of the subscription.

All Microsoft licenses were procured.

Veeam backup software (for backups)

Veeam backup software licenses are paid annually. The anniversary date of the licenses is 1st November of each year. The annual subscription fee for the backup software was procured.

Eset Endpoint Protection (Antivirus)

The Municipality utilizes an Antivirus program called Eset Endpoint Protection as a line of defense for the Municipality's computers and Windows servers. The Antivirus software license is also paid on an annual basis. The annual subscription fee for the backup software was procured.

AD Manager

The Municipality uses AD Audit Plus software to audit user access rights, and violations; to monitor user activities; and to extract audit of all activities in Municipal ICT environment.

Fortigate firewall and FortiCloud license

The Municipality utilizes Fortigate Firewall to restrict, prevent any unauthorized access and filter incoming and outgoing traffic within the municipal network. We also use FortiCloud to pull violation reports on our FortiCloud. The ICT Unit purchased 2 x Fortigate 101E firewalls (1 passive and 1 failover).

COMMENTS ON THE INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Harry Gwala District Municipality continues to upgrade its ICT equipment and infrastructure in order to provide quality services to its customers, the general public and the residents within and around the District. By licensing the municipal software and upgrading outdated ICT equipment, the users of technology are able to efficiently communicate by means of emails, telephones, social media and the website. This also enables the users to meet the demands of the Municipality. The website (www.harrygwalam.gov.za) has proven to be a useful communication tool due to the results which appear on the statistics of the website. Members of the community, government departments, the private sector, etc. interact with the website by browsing, downloading content, publishing feedback and interacting with the social network quick-links found on the website. In addition, individuals are also able to access documentation, which has been uploaded as prescribed by legislation.

The Harry Gwala District Municipality Council approved and adopted a number of revised ICT policies, procedures and plans. These included the Information Systems and Security Policy, the Backup Plan, the Master Systems Plan, the Logical Access Management Policy, the Firewall Policy, the Disaster Recovery Plan, The Business Continuity Plan, the Change Management Procedure, the ICT Governance Framework and the Server Room Standards.

The Municipality will continue to keep abreast with current and new technologies and adhere to leading practices in order to host and protect all municipal information and data. Currently, the Municipality consistently upgrades its internet to enhance connectivity and employee productivity.

- ICT Policies
- Information Systems and Security (ISS) Policy
- Backup Plan
- Master Systems Plan
- User Access Management / Logical Access Management Policy
- Firewall Policy
- Disaster Recovery Plan
- ICT Business Continuity Plan
- Change Management Policy and Procedure
- ICT Governance Framework
- Server Room Maintenance Plan
- ICT Risk Management Framework
- Information Technology Scorecard
- Information Technology RACI Matrix

Comments on the Performance of Human Resource

The positions of Section 54A and 56 Managers are filled. The vacancy rate in the municipality as per the approved organizational structure is depicted below:

| | |
|------------------------------|-----------------------|
| Total number of posts filled | 411 |
| Vacant posts (funded) | 62 as at 30 June 2021 |
| Frozen posts (unfunded) | 355 |
| TOTAL IN STRUCTURE | 828 |

The vacancy rate for 2020/2021 based on the funded vacant positions was 7.48%. The total staff turnover in 2020/2021 was 4.6% (including 6 Experiential Learners).

Human Resource Management & Development Strategy and Implementation Plan

The purpose of the Human Resource Management & Development Strategy and Implementation Plan is to outline key interventions to be undertaken by the municipality in ensuring that it has the right number of people, with the right composition and with the right competencies, in the right places to enable it to deliver on the mandates and achieve its strategic goals and objectives. HR strategic planning is about determining the demand and supply of employees that are critical to achieving strategic objectives, analyzing the gap between the demand and supply and developing a plan that seeks to close the gap.

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five-year IDP. In order to ensure that the municipality makes the best possible use of its resources to attain its commitments and programme objectives set out in the IDP and SDBIPs, a well-structured HRM & HRD Strategy and an Implementation Plan must be in place. The strategy informs the decision-makers on the three critical issues:

current supply of human resources;

human resources demand; as well as

Prioritised and strategic HR actions to be taken.

The Human Resource Management and Development Strategy represents the first step in transforming Human Resource Management and Development within the Municipality and is an attempt at defining the future status.

Skills Development

The Harry Gwala District Municipality has developed a Workplace Skills Plan to address the skills and competency needs of its Employees, Councillors and Traditional Leaders. The Workplace Skills Plan and the Annual Training Report were submitted to the Local Government Sector Education and Training Authority (LGSETA) on 22 April 2021.

In the 2020/2021 financial year, Harry Gwala District Municipality planned and implemented the following training and development interventions:

Training and Development Interventions

| NAME OF THE LEARNING PROGRAMMES | NUMBER OF BENEFICIARIES | TYPE OF LEARNING INTERVENTION | TRAINING PERIOD |
|----------------------------------------|-------------------------|-------------------------------|-------------------------------------|
| Municipal Finance Management Programme | 18 | Learnership | 24 August 2020- 26 February 2021 |
| Municipal Finance Management Programme | 10 | Learnership | 17-21 August 2020- 26 February 2021 |
| RPL Trade Test in Plumbing Training | 09 | Trade Test | 17-28 August 2020 |
| RPL Trade Test in Plumbing Training | 10 | Trade Test | 07-18 September 2020 |
| Municipal Finance Management Programme | 02 | Learnership | 28 September- 01 October 2020 |

| | | | |
|----------------------------------------------------------------------------|----|------------------|---------------------------------------|
| Payday Training (Tax Calculations) | 02 | Workshop | 10-11 September 2020 |
| 1. Minute Taking and Report Writing 2. Coordination of Virtual Meetings | 02 | Workshop | 21-22 September 2020 |
| Labour Relations Webinar | 06 | Workshop | 08-09 September 2020 |
| Government Media: Essential Tools for Editors and Journalists | 01 | Skills Programme | 16-20 November 2020 |
| Cleaning and Hygiene Training | 10 | Skills Programme | 16-18 November 2020 |
| Job Description Writing Workshop | 03 | Workshop | 16-17 November 2020 |
| HR Symposium | 08 | Workshop | 10-11 November 2020 |
| Arbitration and Conciliation Training | 01 | Workshop | 23-24 November 2020 |
| Local Government Toolkit | 34 | Workshop | 4-5 November 2020 |
| Municipal Finance Management Programme | 05 | Learnership | 01-05 February 2021 (Ongoing Project) |
| Disciplinary Regulations for Senior Managers | 03 | Workshop | 19 February 2021 |
| Labour Law Seminar | 01 | Workshop | 22-23 February 2021 |

| | | | | |
|-----------------------------------|----|------------------|-------------------------------------------------------------------|-------|
| Basic Plumbing | 20 | Skills Programme | 01-05 2021 | March |
| Project Management | 05 | Skills Programme | 08-11 2021 | March |
| Municipal Governance Programme | 10 | Learnership | 29-March 2021- 10 September 2021 (Ongoing Project) | |
| SCM Training | 19 | Skills Programme | 25-26 2021 | March |
| SCM Training | 09 | Skills Programme | 29-30 2021 | March |
| Touch Typing | 05 | Skills Programme | 21-22 2021 | April |
| PayDay | 04 | Short Course | 03-07 2021 | May |
| Incident Reporting | 03 | Skills Programme | 26-28 2021 | May |
| POPI Act | 05 | Workshop | 27 May 2021 | |
| PayDay | 04 | Short Course | 07-11 2021 | June |
| CIDB | 12 | Workshop | 17 June 2021 | |
| Touch Typing | 04 | Skills Programme | 24-25 2021 | June |
| Financial Management for Auditors | 05 | Skills Programme | 28- 30 2021 | June |

In the 2020/2021 financial year, Harry Gwala District Municipality granted the following bursaries:

Bursaries 2020-2021

| NAME OF QUALIFICATION | NUMBER OF BENEFICIARIES | DEPARTMENT | NAME OF INSTITUTION |
|------------------------------------------------------------|-------------------------|------------------------------------------|-----------------------|
| Bachelor of Public Administration | 02 | Corporate Services | MANCOSA |
| Bachelor of Art in Public Governance | 01 | Office of the MM | North West University |
| Post Graduate Diploma in Information Technology Management | 01 | Corporate Services | MANCOSA |
| Bachelor of Commerce in Supply Chain Management | 01 | Budget & Treasury | MANCOSA |
| Advanced Certificate in Management Studies | 01 | Budget & Treasury | MANCOSA |
| Bachelor of Arts Honours in Development Studies | 01 | Social Services and Development Planning | UNISA |

| | | | |
|-----------------------------------------------------------|----|---------------------------------------------------|-------------------------|
| Master of Philosophy in Internal Auditing | 01 | Office of the MM | University of Pretoria |
| Bachelor of Public Administration | 01 | Social Services and Development Planning Services | MANCOSA |
| Bachelor of Art in Public Governance | 01 | Office of the MM | North West University |
| Bachelor of Commerce in Information Technology Management | 01 | Corporate Services | MANCOSA |
| Master of Commerce in Development Finance | 01 | Budget and Treasury Office | University of Cape Town |
| Bachelor of Commerce in Financial Management | 01 | Budget and Treasury Office | MANCOSA |

Bursary for the unemployed beneficiaries

The table below gives details on the undergraduate students who have received bursary assistance from the Municipality funded by Chemical Industries Education and Training Authority (CHIETA) for 2020 Academic year:

| Name & Surname | Field of study | Amount Paid | Locality |
|----------------|-----------------------------|-------------|------------|
| T. Mduna | B-Tech in Civil Engineering | R30000 | Umzimkhulu |

| | | | |
|------------|------------------------------|--------|---------|
| | | | |
| T. Ndiyane | National Diploma in Building | R23050 | Kokstad |

Employment Equity

The Employment Equity Plan for the period starting 1 October 2017 - 30 September 2022 was adopted by Council on the 26 June 2021.

The Employment Equity Report of the HGDM was completed in the 2019/20 reporting period and was submitted to the Department of Labour on the 13th of January 2021.

Below is the current municipal employee profile in the Harry Gwala District Municipality:

| | |
|--------------------------|--------|
| Africans | 97,2 % |
| Coloureds | 2,1% |
| Indians | 0.2 % |
| Whites | 0,5 % |
| People with Disabilities | 0.70% |

Comments on the performance of Corporate Services

The Corporate Services Department provides administrative and corporate support services to all Departments within Harry Gwala District Municipality. The Department is comprised of these Units: Administration and Corporate Support, Records Management, Fleet Management, Information and Communication Technology, Human Resource and Development, Occupational Health and Safety, and Communications. The Department sets its performance targets based on the Integrated Development Plan and other relevant documents, which are at the disposal of the Municipality. We complied with other legislation, for example, we submitted our Workplace Skills Plan and Annual Training Report timeously to the Local Government Sector Education and Training Authority and all the parties have agreed and appended their signatures and submitted the Employment Equity Report to the Department of Labour on/before the due dates.

Although the Department struggled to meet some of its targets for the year due to financial constraints, there were those targets that we exceeded on like producing a resolution register

for Council in order to track progress made in implementing those resolutions; providing on-time responses to negative publicity; continuously verifying employee qualifications from Senior Management to lower level employees; functionality of the Information and Communication Technology Steering Committee; and last but not least, consistently reporting on the use of municipal vehicles and costs incurred thereof.

COMPONENT D: SOCIAL SERVICES AND DEVELOPMENT PLANNING (SSDP) DEPARTMENT

Employees: Social Services and Development Planning

| Job Level | FY 2020-2021 | | FY 2021-2022 | |
|-----------------|------------------|---------------------|------------------|------------------|
| | No. of Employees | No. of Funded Posts | No. of Employees | No. of Vacancies |
| T5 | 1 | 2 | 1 | 1 |
| T6 | 1 | 1 | 1 | 0 |
| T7 | 7 | 9 | 8 | 1 |
| T10 | 3 | 4 | 4 | 0 |
| T11 | 8 | 15 | 10 | 4 |
| T12 | 2 | 2 | 2 | 0 |
| T14 | 4 | 4 | 4 | 0 |
| T15 | 2 | 2 | 2 | 0 |
| T16 | 1 | 1 | 1 | 0 |
| T17 | 2 | 2 | 2 | 0 |
| No grade | 1 | 1 | 1 | 0 |
| Total | 32 | 39 | 36 | 6 |

Financial Performance 2021-2022 Social Services and Development Planning

| DETAILS | FY 2020-2021 | FY 2021-2022 | | | |
|--------------------------------------|------------------------|------------------------|------------------------|---------------------|---------------------|
| | ACTUAL | ORIGINAL BUDGET | ADJUSTMENT BUDGET | ACTUAL | VARIANCE TO BUDGET |
| Total Operational Revenue | R 0 | R 0 | R 0 | R 167 340 | R 167 340 |
| Expenditure: | | | | | |
| Employees | R 27 128 590 | R 23 756 439 | R 30 302 127 | R 22 263 019 | R 8 039 108 |
| Repairs And Maintenance | R 0 | R 0 | R 0 | R 0 | R 0 |
| Other | R 19 457 503 | R 28 449 980 | R 29 855 311,00 | R 21 195 955 | - R 8 659 356,00 |
| Total Operational Expenditure | R 45 586 092,00 | R 52 206 419,00 | R 52 565 146,00 | R 51 051 266 | R 1 513 880 |

Comments on the Performance of Social Services and Development Planning in 2020-2021 Financial Year

DEVELOPMENT PLANNING DIRECTORATE

As the Municipal Systems Act and Spatial Planning and Land Use Management Act (SPLUMA) requires Municipalities to prepare Spatial Development Framework (SDF), HGDM has once again managed to fulfil this legislative requirement by reviewing the SDF. As the World community started to experience Covid 19 towards the end of 2019, South Africa also started to experience this deadly virus in March 2020. In response to this pandemic the Country went to a National Lockdown towards the end of March 2020. A number of developmental challenges started to emerge and others which were ignored for some reasons became issues of priority. The HGDM Spatial Development Framework had to pay attention to these issues. Amongst other issues which were considered by this review were issues of densification, access to basic service, provision and effectiveness of social services and amenities. The SDF also paid a closer look into issues of cemetery needs and cemetery planning in line with the settlement planning and demands that were being brought by Covid 19 pandemic.

The use of Geographic Information System (GIS) assisted both our Municipal Health Services, Water Services by identifying and mapping areas which were showing concentration of Covid 19 infections. This was helpfully in order to provide necessary awareness and speed up the provision of services in areas where there was an urgent need.

SPECIAL PROGRAMS DIRECTORATE

Youth Unit Sport and Development and special programmes

Due to Covid-19 and lock down regulations there were activities in this unit since most of their activities require contacts. However it should be noted that the youth in the district were supported by R500 000 on various youth development initiatives.

SOCIAL SERVICES DIRECTORATE:

Social Services is a makeup of two units namely Disaster Management and Municipal health Services, and during the 2021/2022 financial year the directorate set out to achieving 8 planned targets and in order to meet some of its regulated objectives which was achieved. Other activities you may see are not appearing in the SDBIP however they form part of an integral part of providing the services effectively as well in meeting the obligations as set out in the Disaster Management Act and the National Health Act and its regulations.

MUNICIPAL HEALTH SERVICES UNIT:

The Environmental Health is a fundamental public health approach that affects the whole population of Harry Gwala District and provides a foundation for present living. Neglecting of this service may result in an increase in diseases associated with environmental factors. The Municipal Health Services needs both financial and technical resources to strengthen environmental health services rendering in areas within the jurisdiction of Harry Gwala District Municipality.

In the fiscal year, 2021/2022, Municipal Health Services Unit developed municipal health plan and that plan was aligned with the Harry Gwala Municipal Integrated Development Plan (IDP) and subsequent with Service Delivery and Budget Implementation Plans (SDBIP).

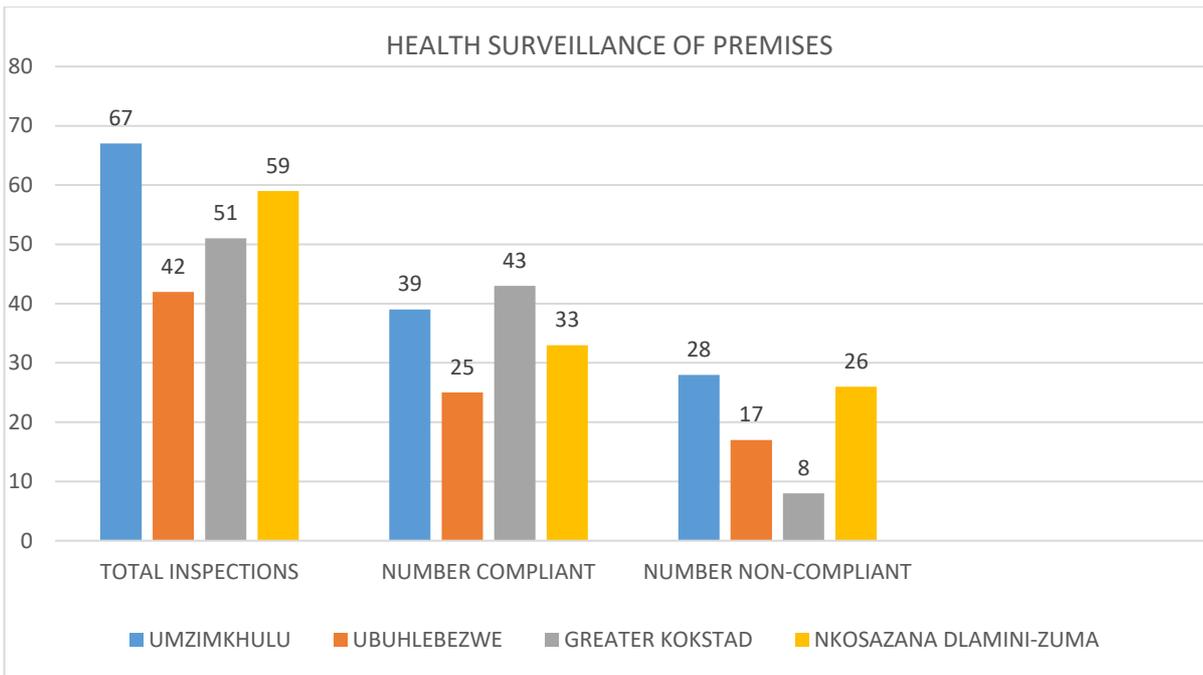
An important aspect of Environmental Health practice is to reduce the incident of illnesses that are related to the environmental induced. During the year 2021/2022, we mostly affected by the pandemic COVID-19 and more focus on performed tasks by Municipal Health Services was on the control and management of communicable diseases; health surveillance of premise, disposal of the dead and food control.

The activities performed during 2021/22 were all based on the following:

- a) Water Quality Monitoring;
- b) Food Control;
- c) Waste Management;
- d) Health Surveillance of premises;
- e) Surveillance and prevention of communicable disease, excluding immunisations;
- f) Vector Control;
- g) Environmental Pollution Control;
- h) Disposal of the Dead; and
- i) Chemical Safety

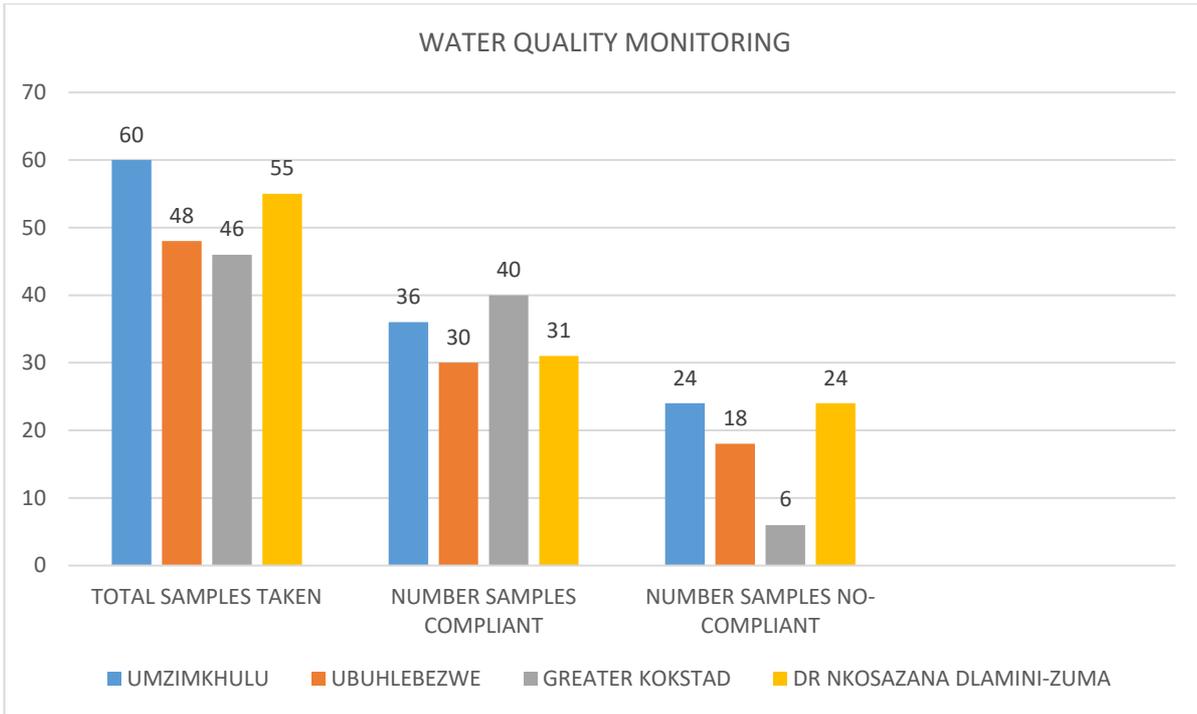
HEALTH SURVEILLANCE OF PREMISES: FINANCIAL YEAR 2021/2022

Total number of premises inspections conducted were 219. The number which were compliant were 140, and 79 premises were non-compliant as follows:



WATER QUALITY MONITORING: FINANCIAL YEAR 2021/2022

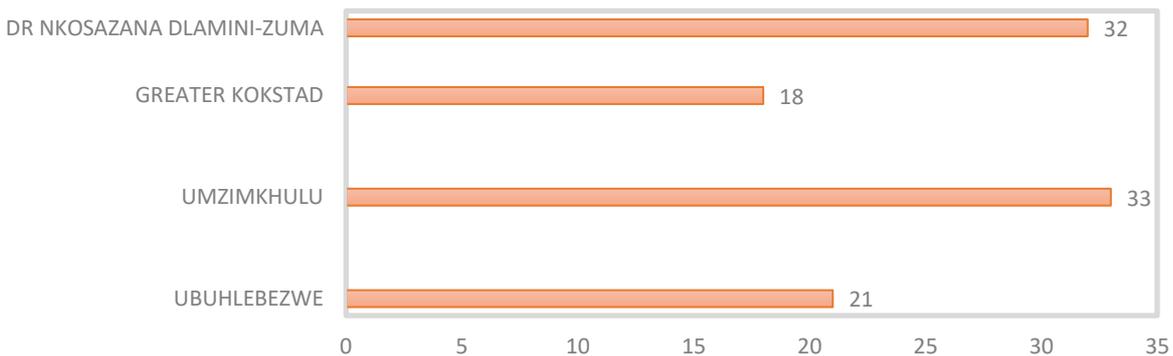
The total number of water samples taken were 209. The number of samples compliant were 137 and 72 were non-compliant, and were broken down per LMs as follows:



HEALTH AND HYGIENE AWARENESSES CONDUCTED FINANCIAL YEAR 2021/2022

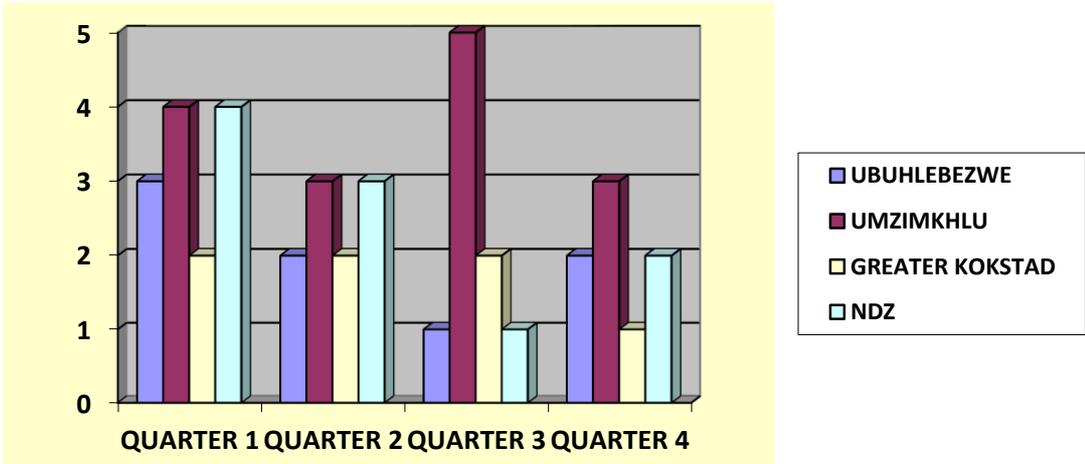
Total number of Health and Hygiene awareness's conducted were 104, and were broken down per Local Municipality as follows:

NUMBEROF HEALTH AND HYGIENE AWARENESSES CONDUCTED



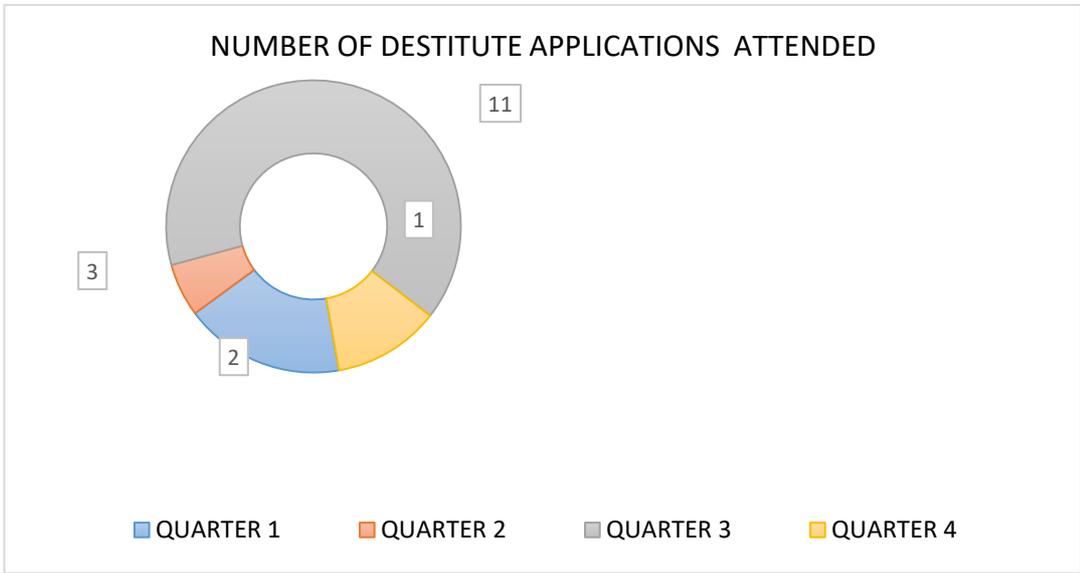
FOOD CONTROL: FINANCIAL YEAR 2021-2022

Total number of Street food traders workshops conducted were 37, and were distributed per Local municipality per quarter as follows:



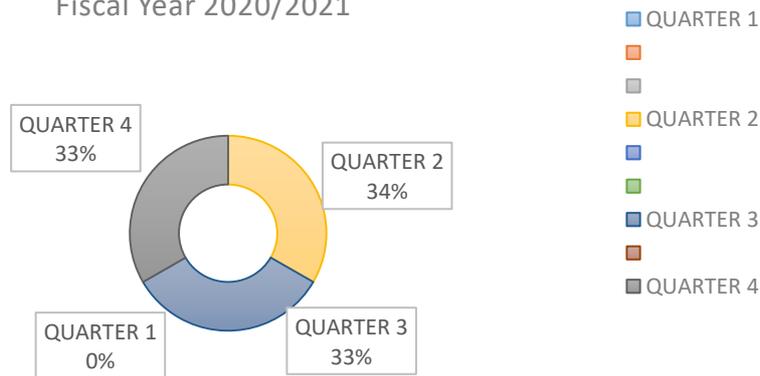
DISPOSAL OF THE DEAD: FINANCIAL YEAR 2021-2022

Total number of Destitute applications received and processed were 17, and where distributed per quarter as follows:



SURVEILLANCE AND PREVENTION OF COMMUNICABLE DISEASE: FISCAL YEAR 2020-2021

Number of Communicable Diseases received and attended
Fiscal Year 2020/2021



HARRY GWALA DEMOGRAPHICS:

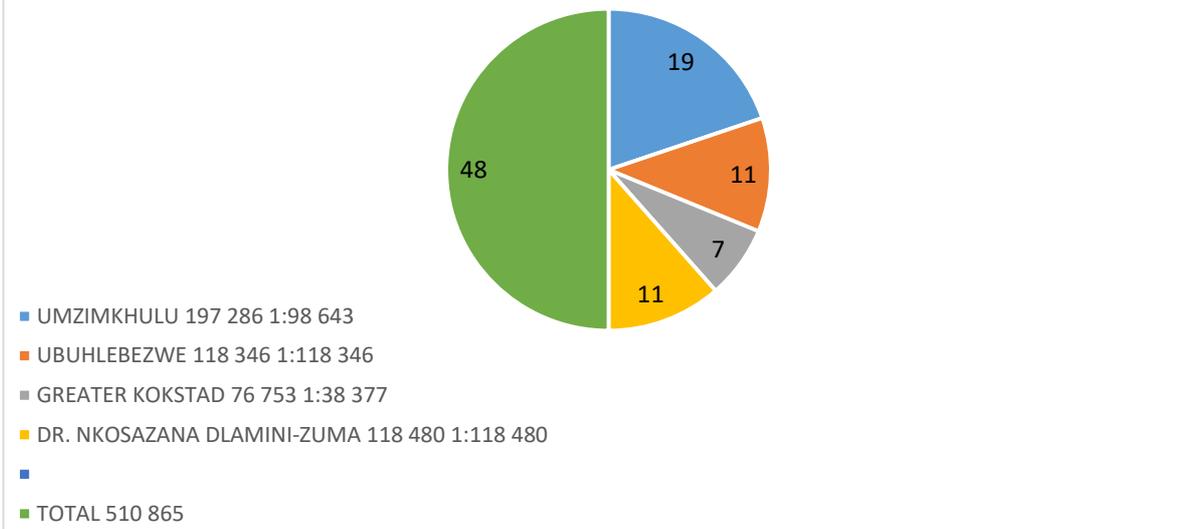
According to South Africa (Stat SA) ; the population of Harry Gwala is estimated at 510 865 in 2016 and we are faced with environmental health challenges, that is including the water borne diseases, food poisoning and other communicable disease including the COVID-19 pandemic.

The scope of practice of Environmental Health Practitioners (EHP) made under the Health Professions Act, 1974 (Regulation R698 of 26 June 2009) clearly outline the functions of an EHP.

Number of functional Environmental Health Practitioner's in Harry Gwala and the WHO Norms for the ratio of EHP's for the fiscal year 2021/2022

| NAME OF LOCAL MUNICIPALITY | POPULATION ESTIMATE | NUMBER OF EMPLOYED EHP/S | CURRENT RATIO OF EHP TO POPULATION | GAP PER WHO NORM 1:10 000 |
|----------------------------|---------------------|--------------------------|------------------------------------|---------------------------|
| UMzimkhulu | 197 286 | 2 | 1:98 643 | 19 |
| Dr. Nkosazana Dlamini-Zuma | 118480 | 1 | 1:118 480 | 11 |
| Ubuhlebezwe | 118 346 | vacancy | 0:118 346 | 11 |
| Greater Kokstad | 76753 | 2 | 1:38 377 | 7 |
| TOTAL | 510 865 | 5 | - | 48 |

GAP PER WHO NORM 1:10 000



DISASTER MANAGEMENT UNIT

KPA 1: Integrated institutional capacity

1.1 Municipal Disaster Management Policy Framework

The Harry Gwala Disaster Management Framework has been updated and adopted by Council. It outlines how the municipality will go about implementing disaster management within its area of jurisdiction. Three municipalities have developed their policy framework for disaster management and adopted by their council. The Greater Kokstad Municipality is in the process of reviewing their policy framework for disaster risk management.

1.2 Municipal Disaster Risk Management Plan

The Harry Gwala Disaster Risk Management Plan has been updated and adopted by Council. Disaster Risk Reduction projects and programs are identified in the disaster risk management plan to prevent/mitigate disaster risks occurred or may occur and budget to implement these projects and programs.

1.3 Disaster Management Advisory Forum -IGR

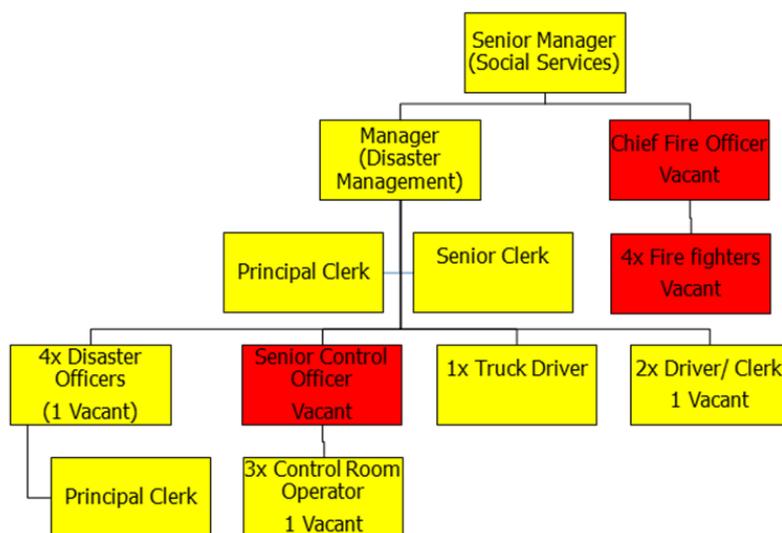
The Joint Disaster Management and Municipal Health Services Advisory Forum is a forum that convenes once in a quarter and 4 meetings can be implemented, followed and serves as a coordination forum for disaster management issues within the municipality.

All relevant stakeholders and municipality representatives participate in the advisory forum. However based on the District Development Model which was launched in the District in the year 2021 by the MEC for Corporative Governance and Traditional Affairs a decision to do away with forums in the District Municipality was taken however the Disaster Advisory Forum now forms part of the Justice, Crime Prevention and Security Cluster (JCPS) as per the DDM.

1.4 District Disaster Management Practitioners Meeting

The District Practitioners Forum meetings are convened on quarterly basis prior to the Disaster Management Advisory Forum at the Disaster Management Centre. All Local Municipality Fire Services participate and report on Local Disaster Management Programs/Projects in line with their Service Delivery Budget Implementation Plans (SDBIP). All issues that pertains to disaster management and fire services are discussed in this meeting. Reports from Local Municipalities on all activities carried out are presented to this forum. Challenges in the implementation of Key Performance areas and all Disaster Management activities are also shared so that the practitioners can share possible solutions.

1.5 Organogram



KPA 2: Disaster risk assessment

The Harry Gwala District Municipality just like most municipalities in the Province is prone to a number of natural and man-made hazards. The vulnerability varies, which mainly depends on socio-economic status as well as the exposure of a particular household or community to a specific hazard. Table 1 outline the list of priority hazards that are affecting the District. The spatiotemporal characteristics of these hazards are well known since they have been observed and recorded continuously. The municipality has reviewed its Disaster Management Plan and part of that review will be to establish the current risks in all wards. The process is also informed by the climate change experience that have major impact on the response strategy in place.

The declaration of a state of the Covid19 National state of disaster affects the response plan for all disasters in the district. There is a need to assess the infection prevention and outbreak control principles for Covid19 and other pandemics. The Corona Virus and other outbreak preparedness response will always be part of the Disaster management plan. During the Covid-19 state of Disaster, the country may be moved to different levels of the risk-adjusted strategy in certain provinces or municipalities. Disaster management in Harry Gwala district will ensure that the municipality adheres to the set level of the risk-adjusted strategy. The following activities are carried out according to set level of the risk-adjusted strategy:

- Awareness activities through loud hailing in towns are being carried out
- All funeral service providers have been informed of the new regulations.
- All night vigils have been banned within the District and communication has been sent to all funeral service providers.
- Road blocks are carried out with other law enforcement stakeholders.
- Shops and business premises are being visited to check and ensure compliance with the regulations.

2.1 Community Based Disaster Risk Assessment

Disaster Risk Assessment is the first step in planning an effective disaster risk reduction programme (Policy Framework for Disaster Management). Harry Gwala District Municipality is prone to different types of hazards/risk and with the assistance of Local Municipalities has conducted ward based risk assessment in all wards for the purpose of developing risk profile to assist the municipality to identify risk reduction projects that will be incorporated in the Harry Gwala Disaster Risk Management Plan and in the IDP of the municipality for implementation. This will assist disaster management and all stakeholders in planning for projects and programs that need to be implemented. As part of mainstreaming the disaster management at ward level,

the district municipality is working closely with all ward committee members to also participate as volunteers at a ward level when incidents occurred.

The Disaster Management Volunteers form part of the disaster management centre strategy to prevent and mitigate the occurrence of disasters e.g. removal of alien plants, clearing of storm water drains, river banks and educational awareness activities.

2.2 Disaster incident mapping

The District Disaster Management Unit have started with the mapping of disaster incidents as part of ensuring that each and every incident that occurred within the district. The disaster management team is using cell phones and GPS devices to take the coordinates when conducting assessments. The GPS coordinates are recorded to indicate a historical occurrence of such an incident, once taken they are then sent to GIS for them to develop maps and pinpoint where exactly the incident occurred.

The GIS under the Development and Planning Unit provided training to the disaster management practitioners on how to utilize the GPS devices.

KPA 3: RISK REDUCTION, PREVENTION AND MITIGATION

3.1 Alignment / Integration between the IDP and DMP

In terms of Section 26 (g) of the Municipal Systems Act, 200, Act 32 of 2000, a Municipality's IDP must contain a disaster risk management plan. A development project in the Municipality, as contained in the Municipality's IDP, is thus interlinked with disaster risk management planning and activities. Risk reduction projects identified as part of disaster risk management planning, such as those identified in this plan and the contingency plans to be developed and risk assessments should be included into the District and local Municipal IDPs.

3.2 The impact of COVID-19 on Disaster Management

The Harry Gwala District Municipality has developed a Covid-19 response plan in response to the Disaster Management Act, 2002: Regulations issued in terms of Section 27(2) of the Act on the 15th of March 2020. The regulation puts the country in a national state of Disaster and Harry Gwala District Municipality had to develop a response plan to ensure that the Covid-19 regulations are implemented and adhered to.

An integrated approach has been implemented to ensure District preparedness for the corona virus pandemic, working closely with Environmental Health Services, Disaster Management from Harry Gwala District Municipality, four Local Municipalities under the district, Department of Health from Harry Gwala District, Pharmaceutical Services, Waste Management, Medical Doctors, Private Sector and NGO's.

3.3 COVID-19 Response Plan

A response plan will assist the Harry Gwala district Municipality:

- To conduct outbreak investigation in all suspected cases in order to determine the causative agent for the outbreak.
- To identify suspected case/s that meet the case definition.
- To ensure that the suspected case/s isolated and managed.
- To ensure that the specimens are collected so that diagnosis are timeously completed.
- All persons possibly infected with COVID-19 are timeously identified and monitored appropriately for the wellbeing of the South African communities.
- All persons at risk of contracting COVID-19 are monitored to ensure that symptoms are identified timeously and isolated accordingly.

KPA 4: RESPONSE AND RECOVERY

The objective for KPA 4 as stipulated in the NDMF is to ensure effective and appropriate disaster response and recovery. This includes:

- Implementing a uniform approach to the dissemination of early warnings
- Averting or reducing the potential impact in respect of personal injury, health, loss of life, property, infrastructure, environment and government services.
- Implementing immediate integrated and appropriate response and relief measures when significant events or disasters occur or threatening to occur
- Implementing all rehabilitation and reconstruction strategies following a disaster in an integrated and development manner.

4.1 Municipal capacity in terms of response and recovery

The municipality has developed disaster risk management preparedness and/ or response plans in terms of the relevant prioritized risks that are imminent within the jurisdiction of the municipality. The response plan includes a response strategy to the Covid-19 pandemic to ensure that the regulations put in place to curb the spread of the corona virus are implemented.

4.2 Preparedness Capacity

As part of preparedness, the Harry Gwala District Municipality's Disaster risk Management, Disaster risk Management Advisory Forum, Local Municipalities within the district, Preparedness Planning Groups, Joint Response and Relief Management Teams, Disaster risk Management Volunteers, Rehabilitation & Recovery Project Teams, Covid-19 Joint Operation Committees and Harry Gwala Emergency Control Group are always on alert for action.

It is therefore very important to understand that, during response and recovery operations the relevant disaster preparedness and/ or response plans of the municipality will be executed by the disaster management structures. As and when disaster incidents and/ or disasters occur, the response teams are immediately activated to assist those affected, conduct assessment and also provide disaster management relief.

Some of the response plans available in the disaster management plan are as follows:

- Covid-19 Response Plan
- Cholera Incident Response Plan
- Drought Incident Response Plan
- Fire Incident Response Plan
- Floods Incident Response Plan
- Hazardous Materials Accidents by road Response Plan
- Snow Incident Response Plan
- Tornados Incident Response Plan
- Climate Change Response Strategy
- Festive Season Contingency Plan
- Emergency Evacuation Plan
- Ward Based Disaster Risk Assessment

4.3 Incidents occurred in 2021/22 financial year

Harry Gwala District Municipality is prone to incidents that are man-made and natural such as strong winds, heavy rains, floods, thunderstorms and lightning, snowfall, structural and wildfires. Most of these incidents are seasonal, but in the past years, South Africa has been affected by the onset of climate change, which is associated with natural disasters and is occurring at any season. All four local municipalities under the Harry Gwala District area of jurisdiction were affected: Dr. Nkosazana Dlamini-Zuma, Ubuhlebezwe, and UMzimkhulu.

These incidents sometimes caused displacement, loss of life and damage to property. The HGDM disaster management team and local municipality teams responded to seek the extent of the damages that occurred during the incident to provide emergency assistance to the affected victims. In all the incidents the district and local municipalities were very proactive to assist, the victims in terms of restoring their dignity and bringing their situation back to normal again.

Harry Gwala District Municipality experienced structural fires, strong winds, heavy rain, floods, and snowfall in different areas within the district. A Total of **Two thousand one hundred and six (2106) households** were affected in different areas within the Harry Gwala District Municipality area of jurisdiction.

2021/22FY Incidents reported and assessed

| Month | No. of incidents | Partially damaged households | Totally destroyed households | Homeless | No. of people affected | Fatalities | Injuries |
|--------------|------------------|------------------------------|------------------------------|------------|------------------------|------------|----------|
| July | 18 | 13 | 4 | 1 | 120 | 5 | 0 |
| August | 25 | 16 | 6 | 3 | 144 | 0 | 0 |
| September | 24 | 16 | 6 | 2 | 139 | 7 | 0 |
| October | 154 | 106 | 35 | 13 | 881 | 0 | 1 |
| November | 80 | 55 | 19 | 6 | 44 | 2 | 1 |
| December | 296 | 213 | 62 | 21 | 1671 | 1 | 0 |
| January | 178 | 114 | 43 | 21 | 892 | 3 | 0 |
| February | 55 | 56 | 37 | 12 | 523 | 0 | 0 |
| March | 568 | 362 | 123 | 83 | 3073 | 3 | 1 |
| April | 485 | 188 | 125 | 172 | 1856 | 3 | 2 |
| May | 166 | 126 | 37 | 7 | 886 | 0 | 0 |
| June | 57 | 18 | 22 | 17 | 271 | 0 | 3 |
| TOTAL | 2106 | 1283 | 519 | 358 | 10500 | 24 | 3 |

RELIEF MATERIAL PROVIDED IN 2021/22FY

| MUNICIPALITY | BLANKETS | MATTRESSES | FOOD PARCELS | Box B | Plastic sheeting's |
|--------------|----------|------------|--------------|-------|--------------------|
| Dr. NDZ | 142 | 92 | 22 | 20 | 40 |
| GKM | 125 | 98 | 12 | 20 | 40 |
| Ubuhlebezwe | 143 | 102 | 30 | 20 | 40 |
| uMzimkhulu | 153 | 111 | 22 | 20 | 40 |

| | | | | | |
|--------------|------------|------------|-----------|-----------|------------|
| TOTAL | 563 | 403 | 96 | 80 | 160 |
|--------------|------------|------------|-----------|-----------|------------|

ENABLER 1: INFORMATION AND COMMUNICATION

Objective: To guide the development of a comprehensive information and communication system and establish integrated communication links with all disaster risk management role players.

Harry Gwala Disaster Management Information and Communication System

Integrated disaster risk management depends on access to reliable hazard and disaster risk information as well as effective information management and communication systems to enable the receipt, dissemination and exchange of information.

The District Municipality has established an information and communication system and was installed in the Disaster Management Centre Control Room in 2013. Two control room operators appointed to date and one vacancy. Currently the system is not functional due to lack of update of software. The District Municipality has set aside a budget to appoint a service provider to renew a license and update the system.

ENABLER 2: TRAINING, AWARENESS EDUCATION AND RESEARCH

Activities conducted by the district disaster management Centre in collaboration with local municipalities:

- Respond in all reported incidents and accidents occurred within the district.
- Educational awareness campaigns are conducted in communities and in schools
- Risk assessments are conducted in all wards within the district
- Distribution of fire beaters and knap sack sprayers to Traditional Leaders that assist communities in conducting fire breaks and fight veld fires within their wards
- Road blocks are carried out with other law enforcement stakeholders.
- Business premises are being visited to check and ensure compliance with the regulations.
- Mapping of disaster incidents and risks identified in areas within the district
- Participate in all events conducted within the district
- Inspection and mapping of lightning conductors and water/fire hydrants installed within the district

AWARENESS CAMPAIGNS CONDUCTED IN 2021-2022

| LOCAL MUNICIPALITY | NO. OF AWARENESSES | TYPE OF AWARENESS |
|---------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------|
| DR NDZ | 62 | Disaster Management Awareness Campaigns (Fire Safety Awareness, Flood awareness, Thunderstorm & Lightning awareness etc. |
| GKM | 83 | |
| Ubuhlebezwe | 90 | |
| uMzimkhulu | 74 | |

Enabler 3. FUNDING ARRANGEMENTS FOR DISASTER RISK MANAGEMENT

Objective: To establish mechanisms for the funding of disaster risk management in the HGDM. Given the provisions of the Act, funding arrangements must be designed in a manner that ensures that disaster risk management activities are funded adequately and in a sustainable manner.

Funding Mobilization Strategy

In terms of the Disaster management Act, funding arrangements must be designed in a manner which ensures that disaster risk management activities are funded adequately and in a sustainable manner.

Sources of Funding

- Harry Gwala District Municipality (equitable share)
- Provincial Disaster Management Centre(PDMC) Grant Funding
- National Disaster Management Centre (NDMC) Grant Funding

COMPONENT E: OFFICE OF THE MUNICIPAL MANAGER

Employees: OFFICE OF THE MUNICIPAL MANAGER

| Job Level | FY 2019-2020 | FY 2020-2021 | | |
|-------------|------------------|---------------------|------------------|------------------|
| | No. of Employees | No. of Funded Posts | No. of Employees | No. of Vacancies |
| Grade A 1-3 | | 0 | 0 | 0 |
| Grade B 1-5 | | 4 | 1 | 3 |
| Grade C 1-5 | | 14 | 9 | 5 |
| Grade D 1-5 | | 9 | 9 | 2 |
| Grade E 1-3 | | 4 | 3 | 1 |
| No grade | | 1 | 1 | 0 |
| Total | | 31 | 23 | 11 |

Financial Performance Year 2019-2020 and 2020-2022 OFFICE OF THE MUNICIPAL MANAGER

| DETAILS | FY 2020-2021 | FY 2021-2022 | | | |
|----------------------------------|--------------|-----------------|-------------------|--------------|--------------------|
| | ACTUAL | ORIGINAL BUDGET | ADJUSTMENT BUDGET | ACTUAL | VARIANCE TO BUDGET |
| Total Operational Revenue | R 0 | R 0 | R 0 | R 0 | R 0 |
| Expenditure: | | | | | |
| Employees | R 12 762 746 | R 11 408 222 | R 14 414 926 | R 14 430 531 | -R 15 605 |
| Repairs And Maintenance | R 0 | R 0 | R 0 | R 0 | R 0 |

| | | | | | |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| Other | R 7 732 279 | R 6 317 395 | R 12 151 888 | R 10 631 535 | R 1 520 353 |
| Total Operational Expenditure | R 20 495 026 | R 17 725 617 | R 26 566 814 | R 25 062 066 | R 1 504 748 |

Financial Performance Year 2021-2022: Financial Performance Office of the Executive Council

| DETAILS | FY 2020-2021 | FY 2021-2022 | | | |
|----------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | ACTUAL | ORIGINAL BUDGET | ADJUSTMENT BUDGET | ACTUAL | VARIANCE TO BUDGET |
| Total Operational Revenue | R 0 | R 0 | R 0 | R 0 | R 0 |
| Expenditure: | | | | | |
| Employees | R 7 835 712,77 | R 8 938 335,00 | R 8 954 569,00 | R 8 101 302,42 | R 853 267 |
| Repairs And Maintenance | R 0 | R 0 | R 0 | R 0 | R 0 |
| Other | R 7 045 190,03 | R 7 317 251,00 | R 14 244 543,00 | R 11 746 449,76 | R 2 498 093 |

| | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Total Operational Expenditure | R 14 880 902,80 | R 16 255 586,00 | R 23 199 112,00 | R 19 847 752,18 | R 3 351 359,82 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|

Comments on the Performance of the Office of the Municipal Manager in 2020-2021 Financial Year

COMMUNICATIONS UNIT

The Municipality uses various forms of communication tools to ensure constant exchange of information among its components (internal and external). More so, this practice helps to enhance the municipality's transparency, credibility and integrity.

Communication Strategy

An approved communication strategy which serve as a guiding document for communications unit is in place and it is reviewed annually. The strategy is inclusive of the communication policy which guides the (strategy) implementation.

Newsletter

The Municipality has a news-letter which captures progress on the implementation of the various municipal programs including infrastructure projects.

Social Media (Facebook)

The Municipality has a Facebook account (@HarryGwalaDistrictMunicipality) and a Twitter handle. These are critical communication platforms where the Municipality shares new developments and current affairs with the community.

Website

There is also a live website (www.harrygwalmunicipality.gov.za) with useful information about the Municipality.

Media Activities

The Municipality uses verbal and written communication to engage and or communicate with media stakeholders. Press statements are released as and when there is need.

Media Monitoring

The municipality monitors the output of the print, online and broadcast media, and responds necessarily.

District Communicators Forum (DCF)

The head of communication chairs the aforementioned forum on behalf of District Municipality. The DCF meets once per quarter to discuss and resolve on matters of common interest. In the financial year 2020/21 the DCF managed to hold all its meetings as planned.

INTERNAL AUDIT UNIT

The Audit Committee Meetings for the financial year under review were held as follows:

Quarter 1: 19 August 2021

Quarter 2: 17 November 2021

Quarter 3: 14 February 2022

24 February 2022

Quarter 4: 27 June 2022

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

4.1 Employee total turnover and vacancies

The information cited hereunder is as per the organizational structure approved on 28 June 2021.

| EMPLOYEES | | | | | |
|---------------------------------|------------------|---------------------------|--------------------------------------|----------------------------------------|-----------------------------------|
| Description | FY 2019/20 | FY 2020/21 | | | |
| | No. of Employees | No. of Approved Positions | No. of Employees (excluding Interns) | No. of Vacancies (Funded and Unfunded) | Vacancies (as a % of Total Posts) |
| Office of the Municipal Manager | 19 | 34 | 18 | 16 | 1,9% |
| Budget & Treasury Services | 54 | 94 | 66 | 28 | 3,4% |
| Water Services | 205 | 553 | 223 | 330 | 39,9% |
| Corporate Services | 39 | 52 | 38 | 14 | 1,7% |

| | | | | | |
|------------------------------------------|-----|-----|-----|-----|-------|
| Social Services and Development Planning | 32 | 61 | 44 | 17 | 2,1% |
| Infrastructure Services | 16 | 34 | 22 | 12 | 1,4% |
| Total | 365 | 828 | 411 | 417 | 50,4% |

| Vacancy Rate as per the categories stated below: 2020/21 | | | |
|-------------------------------------------------------------|-----------------------------|-----------|------------------------------------------------|
| Description | Total No. of Approved Posts | Vacancies | Vacancies (as a % of total posts per category) |
| Municipal Manager | 1 | 0 | 0% |
| CFO | 1 | 0 | 0% |
| s.57 Managers (excluding Finance) | 4 | 0 | 0% |
| Highly skilled supervision: levels 9-12 (excluding Finance) | 120 | 10 | 8.3% |
| Highly skilled supervision: levels 9-12 (Finance posts) | 24 | 3 | 12,5% |

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 67 of the MSA states that "A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72(I)(c), to ensure fair, efficient, effective and transparent personnel administration..." This component cites the range of workforce management and progress made in the development of workforce policies and management practices during FY 2020 /2021.

4.2 POLICIES AND PLANS

| HR Policies and Plans | | | | |
|-----------------------|-----------------------------------|------------|------------|--------------------------------------------------------|
| | Name of Policy | % Complete | % Reviewed | Date Adopted by Council or Comment on Failure to Adopt |
| | | | | |
| | Acting in higher position | 100% | N/A | Adopted on the 27 May 2021. |
| | Annual leave policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Attendance and Punctuality Policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Bursary policy | 100% | N/A | Adopted on the 27 May 2021. |
| | COVID-19 Policy | 100% | New | Adopted on the 27 May 2021. |
| | Death in Service | 100% | N/A | Adopted on the 27 May 2021. |
| | Dress Code Policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Disciplinary & Grievance policy | 100% | N/A | Adopted on the 27 May 2021. |

| | | | | |
|--|------------------------------------------|------|-----|-----------------------------|
| | Employee wellness policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Experiential training policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Employee Equity Policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Family responsibility leave | 100% | N/A | Adopted on the 27 May 2021. |
| | HIV and AIDS policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Incapacity Due to Ill Health or Injury | 100% | N/A | Adopted on the 27 May 2021. |
| | Incapacity Due to Poor Performance | 100% | N/A | Adopted on the 27 May 2021. |
| | Induction policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Injury on Duty Policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Internal transfer policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Learnership policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Mentoring and Coaching Policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Occupational health and safety policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Overtime policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Parental leave | 100% | N/A | Adopted on the 27 May 2021. |
| | Private Work and Declaration of Interest | 100% | N/A | Adopted on the 27 May 2021. |
| | Probation leave | 100% | N/A | Adopted on the 27 May 2021. |

| | | | | |
|-----|------------------------------------------------|------|-----|-----------------------------|
| | Recruitment and selection policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Scarce & Critical skill policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Sexual harassment policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Sick leave | 100% | N/A | Adopted on the 27 May 2021. |
| | Skills development policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Smoking Policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Staff appointment policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Standby policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Study leave policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Subsidized motor vehicle scheme | 100% | N/A | Adopted on the 27 May 2021. |
| | Task Job Evaluation Policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Termination of service policy | 100% | N/A | Adopted on the 27 May 2021. |
| | Travel and subsistence policy | 100% | N/A | Adopted on the 27 May 2021. |
| 39) | Work from Home Policy | 100% | N/A | Adopted on the 27 May 2021. |
| | | | | |
| | Strategies/ Plans | | | |
| | Integrated Employee Health & Wellness Strategy | 100% | N/A | Adopted on the 27 May 2021. |

| | | | | |
|--|--------------------------------------------|------|-----|-----------------------------|
| | HRM & HRD Strategy and Implementation Plan | 100% | N/A | Adopted on the 27 May 2021. |
| | Employment Equity Plan | 100% | N/A | Adopted on the 27 May 2021. |
| | COVID-19 Plan | 100% | N/A | Adopted on the 27 May 2021. |

4.3 INJURIES, SICKNESS AND SUSPENSIONS

There were 15 (fifteen) days lost when five of our employees were injured at work. There was no permanent disablement and fatality in the 2020/2021 financial year. Some employees required proper medical attention (Hospitalization) whilst some only required basic medical attention. Those employees had to be referred to a registered Medical Practitioner for assessment.

Steps taken to reduce injuries:

The Municipality appointed a service provider to assist with Health and Wellness matters for employees. The service Provider promotes health and wellness as stipulated in the Integrated Health and Wellness Strategy where employees are encouraged about living healthy lifestyle so that they can be fully fit at work. The Municipality procured signs, which included warning signs as recommended by Department Employment and Labour inspectors. The Municipality did a risk assessment, which was basically to identify hazards and associated risks, and management recommendations were made so as to minimize risks. The Municipality provided employees with Protective Clothing Equipment for those hazards that employees are exposed to, which cannot be eliminated.

| Number and Cost of Injuries on Duty | | | | |
|---------------------------------------|---------------------------|-------------------------------------|--------------------------------------------|-----------------------------|
| Type of Injury | Injury Leave Taken (Days) | No. of Employees Using Injury Leave | % Proportion of Employees Using Sick Leave | Average Injury per Employee |
| Required basic medical attention only | 15 | 05 | 0.75% | 3 |
| Temporary disablement | 0 | 0 | | |
| Permanent disablement | 0 | 0 | | |
| Fatal | 0 | 0 | | |
| Total | 15 | 05 | 0,75% | 3 |

| Number of days and Cost of sick leave (excluding Injuries on Duty) | | | | |
|--------------------------------------------------------------------|-----------------------|-----------------------------------|--------------------------------|----------------------------------------|
| Salary band | Total Sick Leave Days | No. of employees using sick leave | Total no. of employees in post | Average sick leave per employee (Days) |
| Lower skilled (Levels 1-2) | 91 | 14 | 91 | 6,5 |
| Skilled (Levels 3-5) | 52 | 15 | 128 | 3,5 |
| Highly skilled production (Levels 6-8) | 121 | 20 | 84 | 6,05 |

| | | | | |
|-------------------------------------------|-----|----|-----|-----|
| Highly skilled supervision (Levels 9-12) | 105 | 23 | 80 | 4,7 |
| Senior management (Levels 13-15) | 95 | 15 | 22 | 6,3 |
| Municipal Manager and Section 56 Managers | 0 | 0 | 6 | 0 |
| Total | 464 | 87 | 411 | 5,3 |

It should be noted that the "Total Number of Employees in Post" refers to the number of employees in post at the beginning of the FY 2020/2021.

DISCIPLINARY CASES

| Disciplinary Action Taken on Cases of Financial Misconduct | | | | |
|------------------------------------------------------------|-------------------------|----------------------|---------------|---------|
| EMPLOYEE | ISSUE | STATUS | DATE | COMMENT |
| Director: Expenditure | Financial Mismanagement | Arbitration | July 2020 | N/A |
| Chief Accountant: Expenditure | Gross Dishonesty | Resigned | November 2019 | N/A |
| Senior Clerk: Salaries | Financial Mismanagement | Arbitration | August 2020 | N/A |
| Cashier | Gross Dishonesty | Arbitration | July 2020 | N/A |
| ISD Officer | Gross Dishonesty | Disciplinary Process | July 2020 | N/A |

SUSPENSIONS

| 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 finalized | Date finalized |
| Plumber | Insubordination | 4 May 2020 | Finalizing Investigation | N/A |
| Superintendent: Water Treatment | Insubordination | 4 May 2020 | Finalizing Investigation | N/A |

DISMISSALS / DISCIPLINARY CASES IN PROGRESS

| Position | Nature of alleged misconduct | Disciplinary action taken | Date dismissed |
|-------------------|------------------------------|---------------------------|----------------|
| Creditors Officer | Abuse of municipal vehicle | Yes | In progress |
| ISD Officer | Financial Misconduct | Yes | In progress |

4.4 PERFORMANCE REWARDS

| Performance Rewards by Gender | | | | | |
|-------------------------------|--------|---------------------------------|----------------------|---------------------------------------------|--------------------------------------------|
| Designations | Gender | Total No. of Employees in Group | No. of Beneficiaries | Expenditure on Rewards FY 2020/2021 (R'000) | % Proportion of Beneficiaries Within Group |
| Lower skilled (Levels 1-2) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Skilled (Levels 3-5) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| | Female | 0 | 0 | 0 | 0 |

| | | | | | |
|------------------------------------------|--------|---|---|---|---|
| Highly skilled production (Levels 6-8) | Male | 0 | 0 | 0 | 0 |
| Highly skilled supervision (Levels 9-12) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Senior management (Levels 13-15) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Municipal Manger and Section 56 Managers | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Total | | 0 | 0 | 0 | 0 |

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

Section 68 of the MSA requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Harry Gwala District Municipality conducts its training through the Work Place Skills Plan. In the 2020/2021 financial year, 59% of the training budget was utilized. The under expenditure was because most of the trainings were conducted virtually due to the outbreak of Covid-19 and some of them had no direct cost. Some of the training programmes were offered by external stakeholders such as SALGA, COGTA, LGSETA at no cost.

In accordance with the MFMA Competency Regulations, progress in the HGDM financial competency development is as follows:

Financial Competency Development: Progress Report

| Description | A. Total no. of official employed by HGDM | B. Total no. of official employed by HGDM Entities | Consolidated Total (A+B) | Consolidated competency assessments completed for A & B | Consolidated no. of officials whose performance agreements comply with Reg. 16 | Consolidated no. of officials who meet prescribed competency levels |
|-------------------------|-------------------------------------------|----------------------------------------------------|--------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Financial Officials | | | | | | |
| Accounting Officer | 1 | 1 | 2 | 1 | 2 | 1 |
| Chief Financial Officer | 1 | 1 | 2 | 0 | 2 | 1 |
| Senior Managers | 3 | 2 | 6 | 2 | 3 | 3 |
| Any other officials | 46 | 0 | 46 | 46 | 0 | 46 |

Supply Chain Management Officials

| | | | | | | |
|---------------------|----|---|----|----|---|----|
| Heads of SCM Unit | 1 | 0 | 1 | 1 | 0 | 1 |
| SCM Senior Managers | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 52 | 4 | 57 | 50 | 7 | 52 |

Skills Development Expenditure (R'000)

| Original Budget & Actual Expenditure on Skills Development | | | | | | | | | | |
|------------------------------------------------------------|--------|----------------------------------------|-----------------|--------|--------------------------------------------------|---------|-------------------------|--------|-----------------|---------|
| Management level | Gender | Employees as at beginning of 2020/2021 | Learnerships | | Skills Programs, Bursaries & Other short Courses | | Other Forms of Training | | Total | |
| | | No. | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual |
| MM & Section 56 Managers | Female | 3 | 0 | 0 | 50000 | 40 000 | 11 000 | 0 | 61 000 | 40 000 |
| | Male | 3 | 60 000 | 58 000 | 35 000 | 0 | 15 000 | 0 | 110 000 | 50 000 |
| Legislators, Senior Officials and Managers | Female | 27 | 30000 | 0 | 70 000 | 86 100 | 15 000 | 14370 | 115 000 | 100 470 |
| | Male | 32 | 60 000 | 58000 | 110 000 | 108 000 | 15 000 | 12000 | 185 000 | 178 000 |
| Professionals | Female | 29 | 40 000 | 40 000 | 95 000 | 67 879 | 5000 | 6842 | 100 000 | 114 721 |
| | Male | 17 | 50 000 | 40 000 | 50 000 | 48 300 | 10000 | 0 | 110 000 | 88 300 |
| Technicians and Associate Professionals | Female | 9 | 0 | 0 | 75 965 | 90 000 | 20 000 | 21 700 | 95 965 | 111 700 |
| | Male | 41 | 0 | 0 | 60 000 | 47 350 | 15 000 | 10 000 | 75 000 | 57 350 |
| Clerks | Female | 39 | 40 000 | 80 000 | 70 000 | 90 150 | 10 000 | 0 | 120 000 | 190 150 |

| | | | | | | | | | | |
|-------------------------------------------------------------------------------------------|--------|-----|--------|---------|--------|---------|---------|------------|----------|-----------|
| | Male | 10 | 42 000 | 0 | 55 000 | 65 000 | 10000 | 6842 | 107 000 | 71 842 |
| Service and Sales Workers | Female | 3 | 20 000 | 20 000 | 50 000 | 0 | 0 | 0 | 70 000 | 20 000 |
| | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and Machine Operators and Assemblers | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 10 | 0 | 0 | 20 000 | 0 | 0 | 0 | 20 000 | 0 |
| Elementary occupations | Female | 63 | 0 | 0 | 10 000 | 0 | 40 000 | 39 946 | 50 000 | 39 946 |
| | Male | 84 | 0 | 0 | 10 000 | 0 | 57000 | 32 400 | 62 000 | 32 400 |
| Sub-total | Female | 173 | 130000 | 140 000 | 370965 | 37412 9 | 101 000 | 82585 | 591965 | 616 987 |
| | Male | 197 | 212000 | 156 000 | 367000 | 30092 3 | 100000 | 61242 | 689000 | 497 892 |
| Total | | 370 | 342000 | 29600 0 | 737965 | 67505 2 | 201000 | 14382 7 | 128096 5 | 111 487 9 |
| Total budget for training and development 2020-2021 | | | | | | | | R1 114 879 | | |
| % and R value of municipal salaries (original budget) allocated for workplace skills plan | | | | | | | | | | |

Skills Development Expenditure (R'000)

Original Budget & Actual Expenditure on Skills Development

| Management level | Gender | Employees as at beginning of 2020/2021 | Learnership | | Skills Programs, Bursaries & Other short Courses | | Other Forms of Training | | Total | |
|--------------------------------------------|--------|----------------------------------------|-----------------|----------|--------------------------------------------------|--------|-------------------------|--------|-----------------|---------|
| | | | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual |
| MM & Section 56 Managers | Female | 3 | R50 000 | R58 000 | | | R5000 | R3000 | R55000 | R63 000 |
| | Male | 3 | | | | | | | R110 000 | |
| Legislators, Senior Officials and Managers | Female | 35 | R270 000 | R260 000 | R40000 | R40000 | | | R115 000 | R500 00 |
| | Male | 36 | R200 000 | R160 000 | R40 000 | R40000 | | | R185 000 | R500 00 |
| Professionals | Female | 38 | R50 000 | R40 000 | R80000 | R80000 | | | R100 000 | R900 00 |
| | Male | 28 | R60 000 | R60 000 | R92000 | R92000 | | | R110 000 | R700 00 |
| Technicians and Associate Professionals | Female | 9 | R20 000 | R20 000 | | | | | R95 965 | R742 10 |
| | Male | 40 | R20 000 | R20 000 | | | | | R75 000 | R650 00 |
| Clerks | Female | 38 | R100 000 | R100 000 | R90000 | R90000 | | | R120 000 | R600 00 |
| | Male | 14 | | | R30000 | R29000 | | | 1R07 000 | R500 00 |

| | | | | | | | | | | |
|-------------------------------------------------------------------------------------------|--------|-----|----------|----------|----------|----------|--|--|---------------|----------|
| Service and Sales Workers | Female | 6 | | | | | | | R70 000 | |
| | Male | 4 | | | | | | | 0 | |
| Plant and Machine Operators and Assemblers | Female | 10 | | | | | | | 0 | |
| | Male | 34 | | | | | | | R20 000 | |
| Elementary occupations | Female | 58 | | | | | | | R50 000 | R700 00 |
| | Male | 88 | | | | | | | R60 000 | R200 00 |
| Sub-total | Female | 197 | | | | | | | | |
| | Male | 247 | | | | | | | | |
| Total | | 444 | R770 000 | R718 000 | R37200 0 | R37100 0 | | | R1 272965 | R732 210 |
| Total budget for training and development 2020/21 | | | | | | | | | R2 891 689.00 | |
| % and R value of municipal salaries (original budget) allocated for workplace skills plan | | | | | | | | | | |

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

| Number of employees whose salaries were increased due to positions being upgraded | | |
|-----------------------------------------------------------------------------------|--------|------------------------|
| Designations | Gender | Total No. of Employees |
| Lower skilled (Levels 1-2) | Female | None |
| | Male | None |
| Skilled (Levels 3-5) | Female | None |
| | Male | None |
| Highly skilled production (Levels 6-8) | Female | None |
| | Male | None |
| Highly skilled supervision (Levels 9-12) | Female | None |
| | Male | None |
| Senior Management (Levels 13-15) | Female | None |
| | Male | None |
| Municipal Manager and Section 56 Managers | Female | None |
| | Male | None |
| Total | | None |

| Employees whose salary levels exceed the grade determined by job evaluation | | | | |
|-----------------------------------------------------------------------------|------------------|---------------------|---------------|--------------------------------------------------------|
| Occupation | No. of employees | Date of appointment | No. appointed | Reason for appointment when no established post exists |
| N/A | N/A | N/A | N/A | N/A |

Job evaluation process is currently underway thus the table above is not applicable.

| Employees appointed to posts not approved | | | | |
|-------------------------------------------|-------|---------------------|---------------|--------------------------------------------------------|
| Department | Level | Date of appointment | No. appointed | Reason for appointment when no established post exists |
| N/A | N/A | N/A | N/A | N/A |

The HGDM Organizational structure was approved after engagement of the employer and employee representatives. There are no positions that were upgraded in the 2020/2021 financial year because the municipality is waiting for the job evaluation results to be implemented on the 1st August 2021

CHAPTER 5

5.1 INTRODUCTION

Sustainable Financial Management still remains at the forefront of ensuring sustainable municipal service delivery. Conservative and prudent management of the public purse by the budget & treasury office remains at the core of ensuring the realisation of this critical Municipal Financial Management Act (MFMA) objective. In essence, the MFMA contributes towards ensuring that financial resources at a local government level are developmental, effective and efficient and that municipalities / municipal entities are held accountable for the effective management of their funds by encouraging transparency.

The aim of this chapter is to provide an overview of the financial performance of the municipality / municipal entity through measuring of actual results against actual and also through evaluating historical trends.

Information included in this chapter is structured as follows:

- ✓ Component A: Statement of Financial Performance
- ✓ Component B: Spending against Capital Budget
- ✓ Component C: Cash flow Management and Investment
- ✓ Component D: Other Financial Matters

5.2 Component A: Statement of Financial Performance

For the financial year under review, the Harry Gwala District Municipality obtained an unqualified opinion and the summary of its financial performance (Budget vs. Actual) is as follows:

- ✓ 100% of Operating Revenue Budget Earned,
- ✓ 100% of Capital Budget Spent,
- ✓ 94% of Operating Expenditure Budget Spend

The tables that follow show the detailed statement of financial performance by nature (Table A4) and by standard classification (Table A2).

DC43 Sisonke - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | 2021/22 | | | | | | | | 2020/21 | | | |
|----------------------------------------------------------------------|-----------------|----------------------------------------|-----------------------------|-----------------|--------------------------|-----------------|----------------------------------------|-------------------------------------------|-----------------------------------|-------------------------------------------------------|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.to. MFMA s28) | Final adjustments 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 |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Revenue By Source | | | | | | | | | | | | |
| Service charges - water revenue | 48 866 | (268) | 48 598 | 49 346 | | 748 | 101,5% | 101,0% | | | | 54 003 |
| Service charges - sanitation revenue | 20 555 | (8 091) | 12 465 | 12 207 | | (258) | 97,9% | 59,4% | | | | 13 762 |
| Interest earned - external investments | 5 682 | (1 178) | 4 504 | 5 104 | | 599 | 113,3% | 89,8% | | | | 3 011 |
| Interest earned - outstanding debtors | 10 198 | 517 | 10 715 | 11 221 | | 506 | 104,7% | 110,0% | | | | 10 100 |
| Transfers recognised - operational | 417 406 | - | 417 406 | 453 939 | | 36 533 | 108,8% | 108,8% | | | | 430 604 |
| Other revenue | 549 | 300 | 850 | 794 | | (55) | 93,5% | 144,6% | | | | 516 |
| Gains on disposal of PPE | - | - | - | 5 863 | | 5 863 | #DIV/0! | #DIV/0! | | | | 4 693 |
| Total Revenue (excluding capital transfers and contributions) | 503 258 | (8 720) | 494 538 | 538 474 | | 43 936 | 108,9% | 107,0% | | | | 516 689 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | 237 156 | 6 238 | 243 395 | 233 055 | 10 339 | (10 339) | 95,8% | 98,3% | | | | 216 963 |
| Remuneration of councillors | 8 922 | (385) | 8 538 | 7 239 | 1 299 | (1 299) | 84,8% | 81,1% | | | | 7 813 |
| Debt impairment | 27 645 | - | 27 645 | 15 147 | 12 498 | (12 498) | 54,8% | 54,8% | | | | 31 734 |
| Depreciation & asset impairment | 87 410 | 1 005 | 88 415 | 76 987 | 11 428 | (11 428) | 87,1% | 88,1% | | | | 76 238 |
| Finance charges | 1 328 | (913) | 415 | 288 | 127 | (127) | 69,3% | 21,7% | | | | 995 |
| Other materials | 31 249 | 10 089 | 41 337 | 44 623 | (3 286) | 3 286 | 107,9% | 142,8% | | | | 5 845 |
| Contracted services | 105 296 | 31 091 | 136 387 | 130 724 | 5 663 | (5 663) | 95,8% | 124,1% | | | | 129 640 |
| Transfers and grants | 17 000 | - | 17 000 | 15 100 | 1 900 | (1 900) | 88,8% | 88,8% | | | | 17 000 |
| Other expenditure | 61 589 | 469 | 62 058 | 61 626 | 432 | (432) | 99,3% | 100,1% | | | | 56 907 |
| Loss on disposal of PPE | | | | 1 746 | (1 746) | 1 746 | #DIV/0! | #DIV/0! | | | | |
| Total Expenditure | 577 594 | 47 595 | 625 189 | 586 534 | 38 655 | (38 655) | 93,8% | 101,5% | | | | 565 159 |
| Surplus/(Deficit) | (74 336) | (56 315) | (130 651) | (48 060) | | 82 591 | 36,8% | 64,7% | | | | (48 470) |
| Transfers recognised - capital | 298 258 | 67 000 | 365 258 | 302 857 | | (62 401) | 82,9% | 101,5% | | | | 302 857 |
| Contributed assets | | | | 4 693 | | 4 693 | #DIV/0! | #DIV/0! | | | | |
| Surplus/(Deficit) after capital transfers & contributions | 223 922 | 10 685 | 234 607 | 259 491 | | 24 883 | 110,6% | 115,9% | | | | 254 387 |
| Surplus/(Deficit) after taxation | 223 922 | 10 685 | 234 607 | 259 491 | | 24 883 | 110,6% | 115,9% | | | | 254 387 |
| Surplus/(Deficit) attributable to municipality | 223 922 | 10 685 | 234 607 | 259 491 | | 24 883 | 110,6% | 115,9% | | | | 254 387 |
| Surplus/(Deficit) for the year | 223 922 | 10 685 | 234 607 | 259 491 | | 24 883 | 110,6% | 115,9% | | | | 254 387 |

DC43 Sisonke - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Description | 2021/22 | | | | | | | | 2020/21 | | | |
|--------------------------------------------|-----------------|----------------------------------------|--------------------------|----------------|--------------------------|-------------------------------------------------------|-------------------------------------|----------------------------------------|-----------------------------------|-------------------------------------------------------|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.to. MFMA s28) | Final adjustments budget | Actual Outcome | Unauthorised expenditure | Variance of Actual Outcome against Adjustments Budget | 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 |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Revenue - Standard | | | | | | | | | | | | |
| Governance and administration | 404 553 | (10 962) | 393 591 | 394 200 | | 609 | 100,2% | 97,4% | | | | 422 901 |
| Executive and council | - | - | - | - | | - | - | - | | | | - |
| Budget and treasury office | 388 762 | 10 | 388 772 | 388 616 | | (157) | 100,0% | 100,0% | | | | 419 140 |
| Corporate services | 15 791 | (10 972) | 4 819 | 5 584 | | 765 | 115,9% | 35,4% | | | | 3 761 |
| Economic and environmental services | 22 412 | (5 322) | 17 090 | 11 603 | | (5 487) | 67,9% | 51,8% | | | | 3 875 |
| Planning and development | 22 412 | (5 322) | 17 090 | 11 603 | | (5 487) | 67,9% | 51,8% | | | | 3 875 |
| Road transport | - | - | - | - | | - | - | - | | | | - |
| Environmental protection | - | - | - | - | | - | - | - | | | | - |
| Trading services | 374 551 | 74 564 | 449 115 | 451 416 | | 2 301 | 100,5% | 120,5% | | | | 392 771 |
| Electricity | - | - | - | - | | - | - | - | | | | - |
| Water | 360 199 | 42 510 | 402 709 | 405 059 | | 2 350 | 100,6% | 112,5% | | | | 363 545 |
| Waste water management | 14 352 | 32 055 | 46 406 | 46 357 | | (49) | 99,9% | 323,0% | | | | 29 226 |
| Waste management | - | - | - | - | | - | - | - | | | | - |
| Other | - | - | - | - | | - | - | - | | | | 43 783 |
| Total Revenue - Standard | 801 516 | 58 280 | 859 796 | 857 219 | | (2 577) | 99,7% | 106,9% | | | | 863 330 |
| Expenditure - Standard | | | | | | | | | | | | |
| Governance and administration | 208 779 | 1 944 | 210 723 | 187 041 | (23 681) | (23 681) | 88,8% | 89,6% | - | - | - | 209 880 |
| Executive and council | 33 981 | 15 785 | 49 766 | 44 943 | (4 823) | (4 823) | 90,3% | 132,3% | - | - | - | 50 979 |
| Budget and treasury office | 85 267 | (4 951) | 80 317 | 60 611 | (19 706) | (19 706) | 75,5% | 71,1% | - | - | - | 59 812 |
| Corporate services | 89 530 | (8 890) | 80 640 | 81 488 | 848 | 848 | 101,1% | 91,0% | - | - | - | 99 089 |
| Economic and environmental services | 68 717 | 120 | 68 837 | 51 062 | (17 775) | (17 775) | 74,2% | 74,3% | - | - | - | 47 553 |
| Planning and development | 68 717 | 120 | 68 837 | 51 062 | (17 775) | (17 775) | 74,2% | 74,3% | - | - | - | 47 553 |
| Road transport | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - |
| Trading services | 300 099 | 45 771 | 345 869 | 348 431 | 2 561 | 2 561 | 100,7% | 116,1% | - | - | - | 324 846 |
| Electricity | - | - | - | - | - | - | - | - | - | - | - | - |
| Water | 191 021 | 46 453 | 237 473 | 94 309 | (143 164) | (143 164) | 39,7% | 49,4% | - | - | - | 282 916 |
| Waste water management | 109 078 | (682) | 108 396 | 254 121 | 145 725 | 145 725 | 234,4% | 233,0% | - | - | - | 41 930 |
| Waste management | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Standard | 577 594 | 47 835 | 625 429 | 586 534 | (38 895) | (38 895) | 93,8% | 101,5% | - | - | - | 582 279 |
| Surplus/(Deficit) for the year | 223 922 | 10 446 | 234 367 | 270 685 | 36 318 | 36 318 | 115,5% | 120,9% | - | - | - | 281 052 |

Functional Performance of Operational Services

DC43 Sisonke - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Description | 2021/22 | | | |
|---------------------------------------------------|-----------------|----------------------------------------|-----------------------------|-------------------|
| | Original Budget | Budget Adjustments (i.to. MFMA s28) | Final adjustments budget | Actual Outcome |
| R thousand | 1 | 2 | 3 | 4 |
| Revenue - Standard | | | | |
| <i>Governance and administration</i> | 404 553 | (10 962) | 393 591 | 394 200 |
| Executive and council | - | - | - | - |
| Budget and treasury office | 388 762 | 10 | 388 772 | 388 616 |
| Corporate services | 15 791 | (10 972) | 4 819 | 5 584 |
| <i>Economic and environmental services</i> | 22 412 | (5 322) | 17 090 | 11 603 |
| Planning and development | 22 412 | (5 322) | 17 090 | 11 603 |
| Road transport | - | - | - | - |
| Environmental protection | - | - | - | - |
| <i>Trading services</i> | 374 551 | 74 564 | 449 115 | 451 416 |
| Electricity | - | - | - | - |
| Water | 360 199 | 42 510 | 402 709 | 405 059 |
| Waste water management | 14 352 | 32 055 | 46 406 | 46 357 |
| Waste management | - | - | - | - |
| <i>Other</i> | | | | |
| Total Revenue - Standard | 801 516 | 58 280 | 859 796 | 857 219 |
| Expenditure - Standard | | | | |
| <i>Governance and administration</i> | 208 779 | 1 944 | 210 723 | 187 041 |
| Executive and council | 33 981 | 15 785 | 49 766 | 44 943 |
| Budget and treasury office | 85 267 | (4 951) | 80 317 | 60 611 |
| Corporate services | 89 530 | (8 890) | 80 640 | 81 488 |
| <i>Economic and environmental services</i> | 68 717 | 120 | 68 837 | 51 062 |
| Planning and development | 68 717 | 120 | 68 837 | 51 062 |
| Road transport | - | - | - | - |
| Environmental protection | - | - | - | - |
| <i>Trading services</i> | 300 099 | 45 771 | 345 869 | 348 431 |
| Electricity | - | - | - | - |
| Water | 191 021 | 46 453 | 237 473 | 94 309 |
| Waste water management | 109 078 | (682) | 108 396 | 254 121 |
| Waste management | - | - | - | - |
| <i>Other</i> | | | | |
| Total Expenditure - Standard | 577 594 | 47 835 | 625 429 | 586 534 |
| Surplus/(Deficit) for the year | 223 922 | 10 446 | 234 367 | 270 685 |

Grants Performance

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June

| Description | 2020/21 | Budget Year 2021/22 | | | | | |
|----------------------------------------------------|-----------------|---------------------|-----------------|----------------|----------------|---------------|----------------|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance % |
| R thousands | | | | | | | |
| RECEIPTS: | | | | | | | |
| Operating Transfers and Grants | | | | | | | |
| National Government: | 429 587 | 400 406 | 400 406 | 453 804 | 400 406 | 53 398 | 13,3% |
| Energy Efficiency and Demand Side Management Grant | - | - | - | - | - | - | |
| Equitable Share | 417 623 | 387 013 | 387 013 | 387 013 | 387 013 | - | 0% |
| Expanded Public Works Programme Integrated Grant | 5 195 | 4 596 | 4 596 | 4 596 | 4 596 | - | 0% |
| Local Government Financial Management Grant | 1 000 | 1 200 | 1 200 | 1 200 | 1 200 | - | 0% |
| Municipal Infrastructure Grant | 3 524 | 5 322 | 5 322 | 28 958 | 5 322 | 23 636 | 444% |
| Rural Road Asset Management Systems Grant | 2 245 | 2 275 | 2 275 | 2 275 | 2 275 | - | 0% |
| Water Services Infrastructure Grant | - | - | - | 29 762 | - | 29 762 | |
| Other transfers and grants [insert description] | | | | | | - | |
| Provincial Government: | 352 | - | - | 135 | - | 135 | |
| Capacity Building and Other Grants | 352 | - | - | 135 | - | 135 | |
| District Municipality: | - | - | - | - | - | - | |
| <i>Specify (Add grant description)</i> | - | - | - | - | - | - | |
| Other grant providers: | 404 | - | - | - | - | - | |
| <i>Chemical Industry Seta</i> | 404 | - | - | - | - | - | |
| Total Operating Transfers and Grants | 430 342 | 400 406 | 400 406 | 453 939 | 400 406 | 53 533 | 13% |

COMMENT ON OPERATIONAL GRANT PERFORMANCE

The table above shows the operational grants performance against the budget as well as the prior year's performance. All current year grants transfers were fully spent.

Asset Management

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS

| Name of Project | Budget Year 2021/22 | | | | |
|-----------------------------------|---------------------|-----------------|---------------|--------------|--------------|
| | Original Budget | Adjusted Budget | YearTD actual | YTD variance | YTD variance |
| R thousands | | | | | % |
| KwaMeyi Water Supply | 11 000 | 11 312 | 11 121 | 191 | 0% |
| Greater Bulwer Water Supply | 15 300 | 19 535 | 19 455 | 80 | 0% |
| Kokstad Water Upgrade | 10 000 | 13 673 | 13 321 | 352 | 0% |
| Greater Summerfield Water Project | 15 000 | 20 692 | 19 283 | 1 409 | 0% |
| Horseshoe Sanitation | 20 000 | 11 604 | 10 557 | 1 046 | 0% |

Name of Project A

KwaMeyi Water Supply

Objective of the Project

Provision of Water Services to KwaMeyi

Delays

The project is implemented on phases due to budget limit

Future Challenges

The project is implemented on phases due to budget limit

Anticipated Citizen Benefit

1000 Households will benefit after the completion of a project

Name of Project A

Greater Bulwer Water Supply

Objective of the Project

Provision of Water Services to Community of Bulwer

Delays

The project is implemented on phases due to budget limit

Future Challenges

The project is implemented on phases due to budget limit

Anticipated Citizen Benefit

19856 Households will benefit after the completion of a project

Name of Project A

Kokstad Water Upgrade

Objective of the Project

Provision of Water Services to Community of Kokstad

Delays

The project is implemented on phases due to budget limit

Future Challenges

Budget Constraints or limited

Anticipated Citizen Benefit

9619 Households will benefit after the completion of a project

Name of Project A

Greater Summerfield Water Project

Objective of the Project

Provision of Water Services to Community of Kwameyi

Delays

The project is implemented on phases due to budget limit

Future Challenges

The project is implemented on phases due to budget limit

Anticipated Citizen Benefit

4500 Households will benefit after the completion of a project

Name of Project A

Horseshoe Sanitation

Objective of the Project

Provision of Sanitation to Community of Kokstad

Delays

The project is implemented on phases due to budget limit

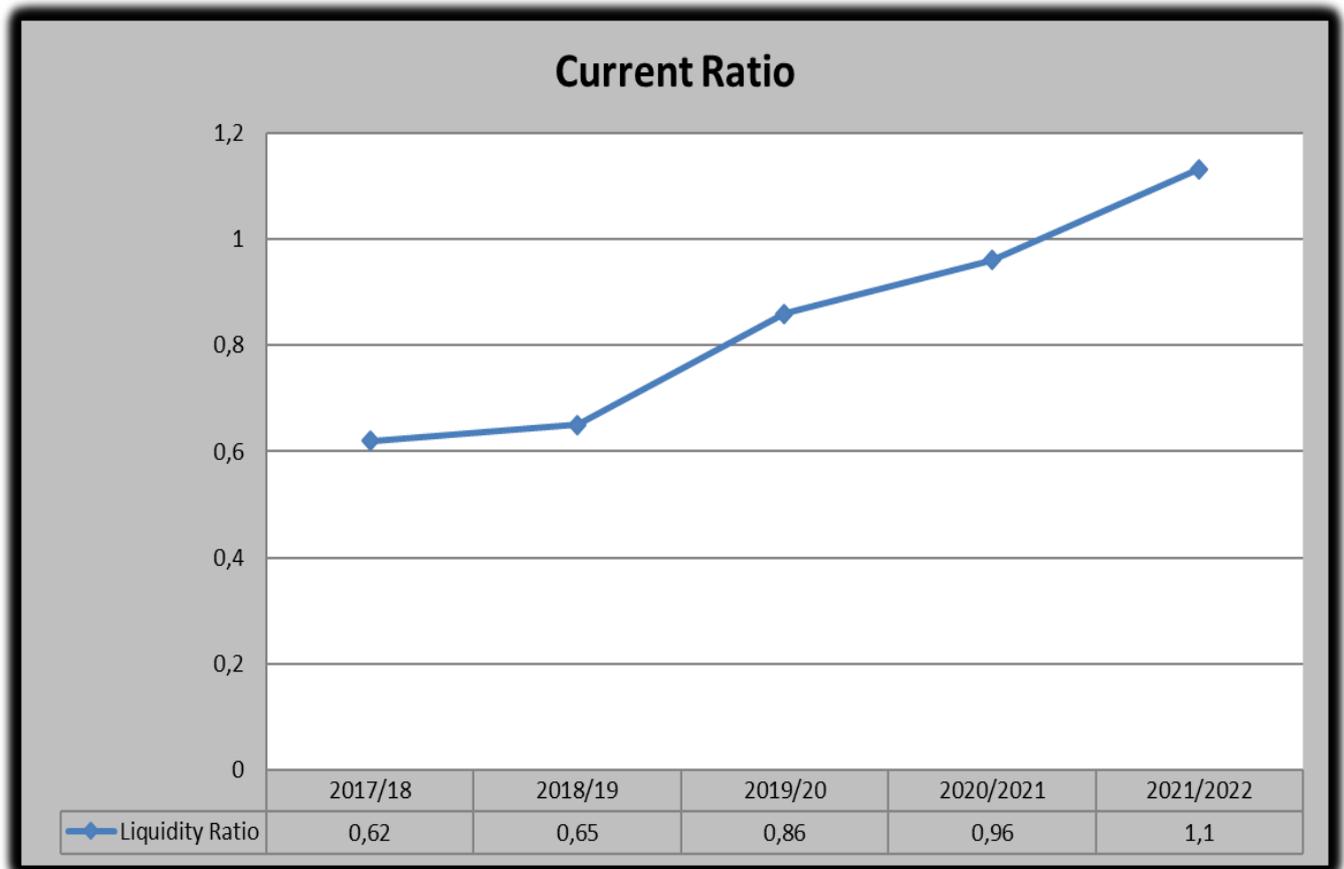
Future Challenges

Budget Constraints or limited

Anticipated Citizen Benefit

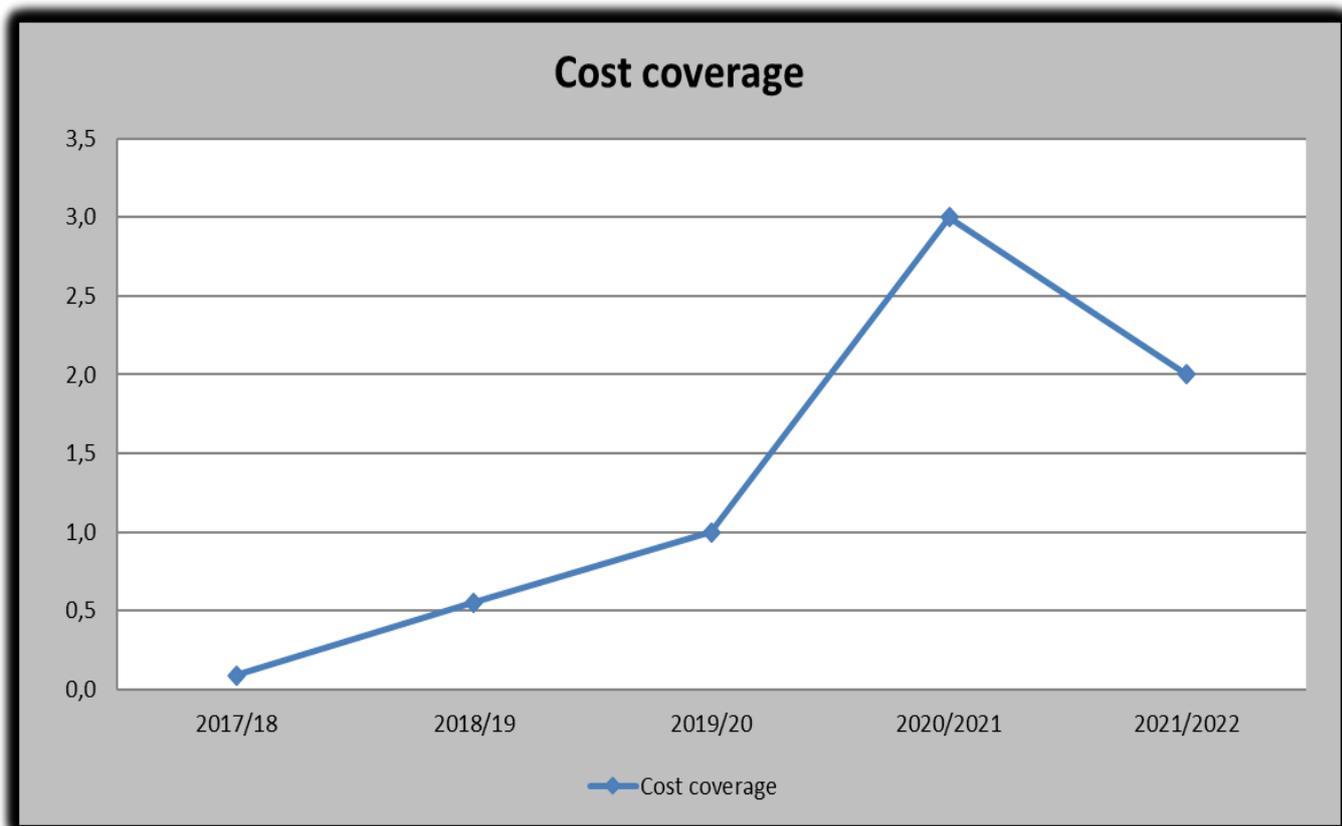
10 000 Households will benefit after the completion of a project

Financial Ratio's based on key financial indicators



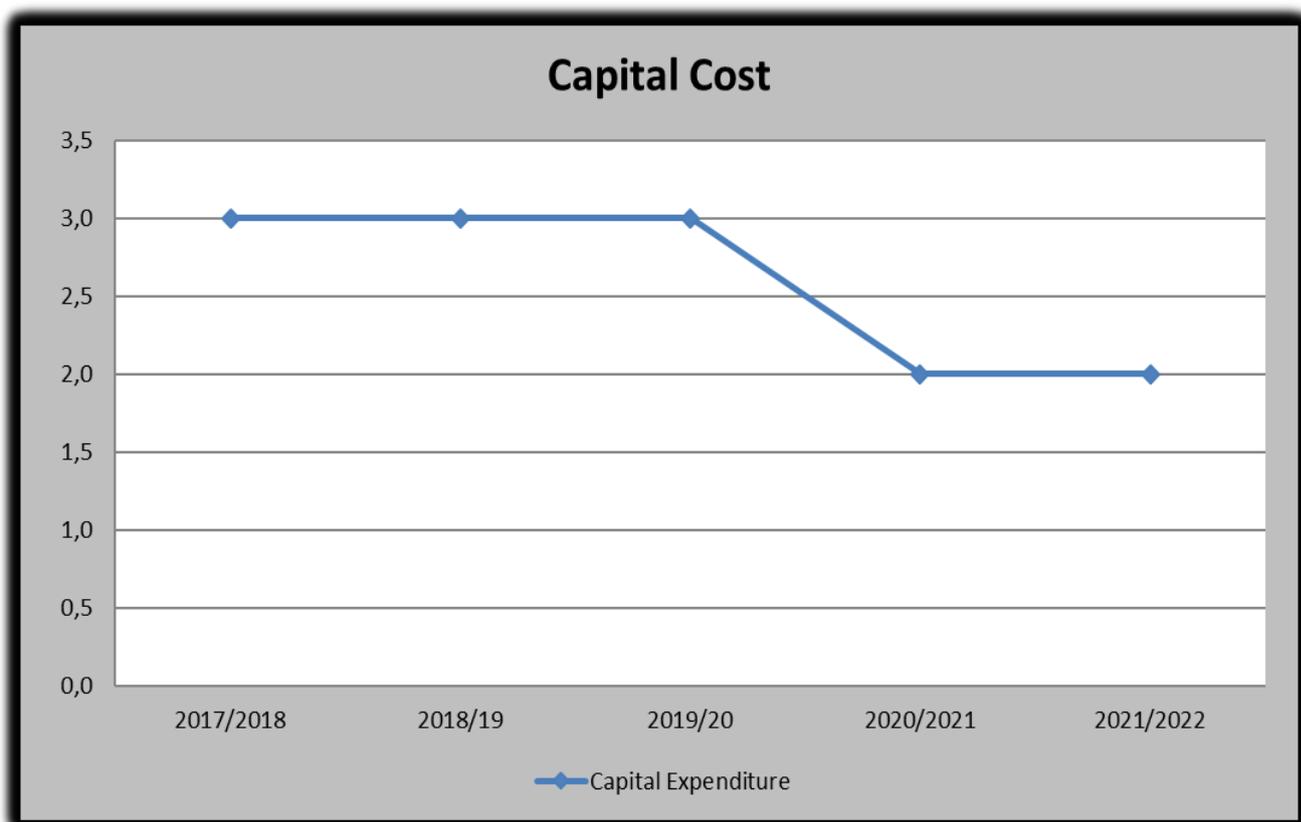
Liquidity ratio measures the municipalities ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities.

The graph above shows that the municipality will have problems meeting its short-term obligations or paying its current liabilities as the ratio is less than 1 in 2017/18 and 2018/19 although there is a slightly increase, then the municipality shows a great improvement in 2019/20 even though the ratio is still less than 1. In 2021/22 the ratio shows great improvement, the ratio still shows the positive improvement due to a higher positive balance of cash and cash equivalents as well as VAT receivable at year end.



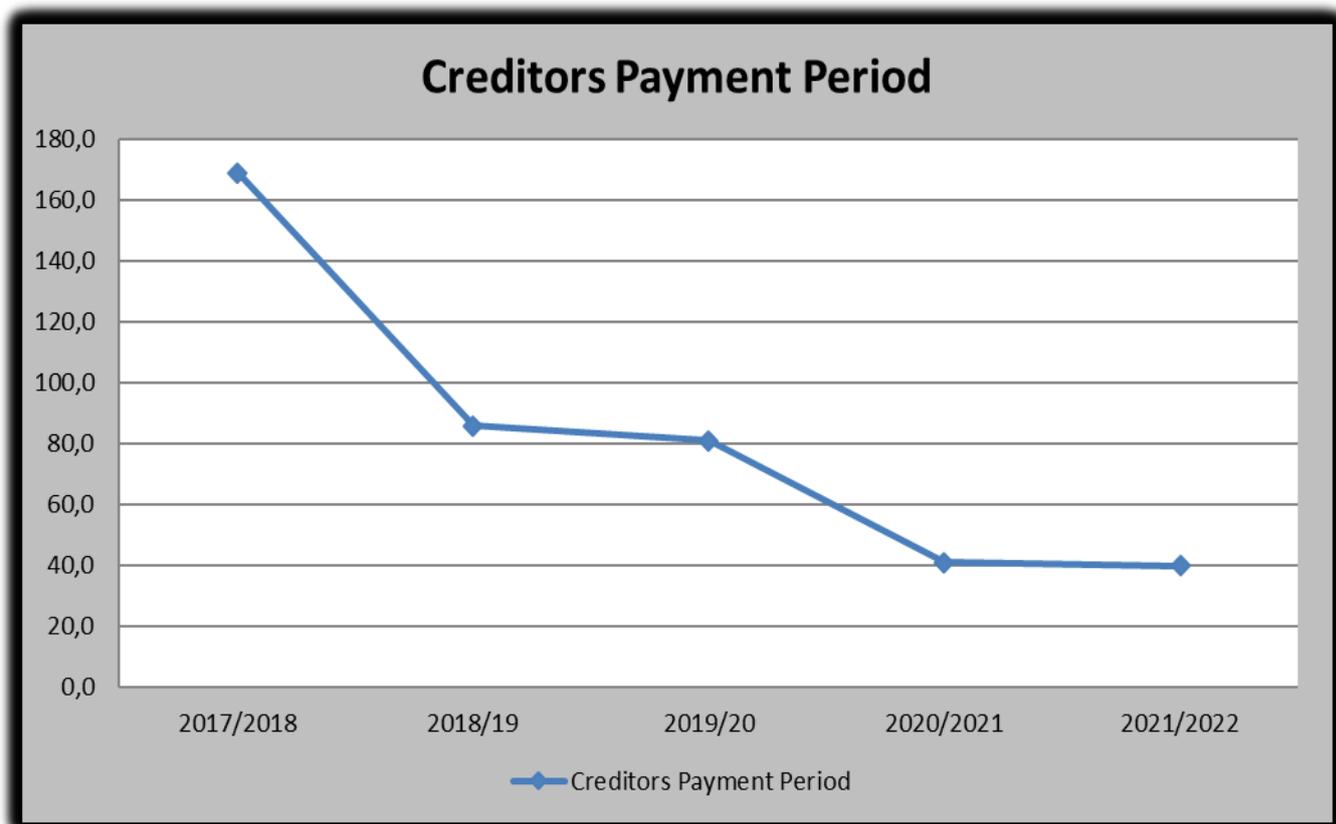
Cost coverage explains how many months of expenditure the municipality can survive with the cash and other liquid assets available to the municipality excluding utilisation of grants can cover.

- ✓ The ratio has been on a positive trend when comparing the three financial years starting from the 2017/18 financial year. In 2020/21 financial year, the ratio has further improved due to a higher cash balance at the end of June 2021. In 2021/2022 financial year the ratio has deteriorated when compared to the 3 months achieved in the prior financial year

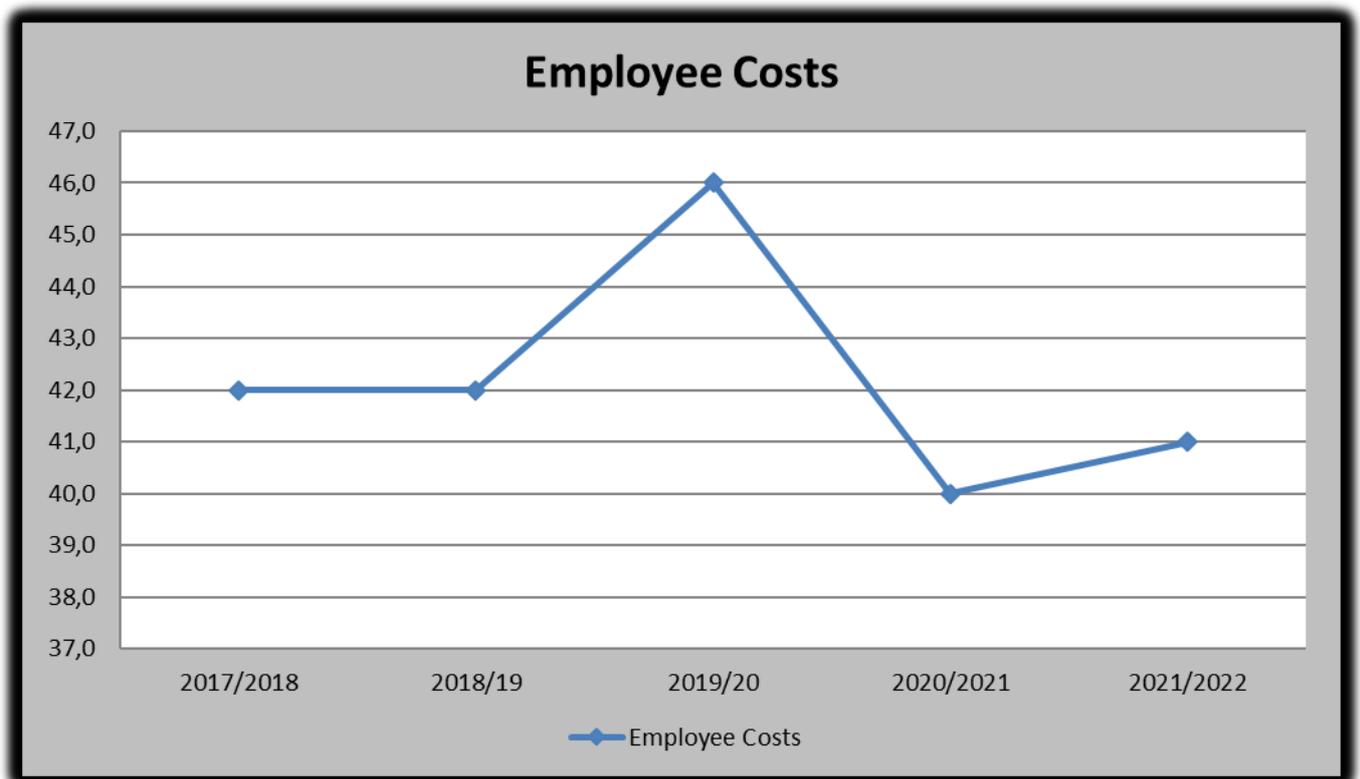


Capital Charges to operating expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

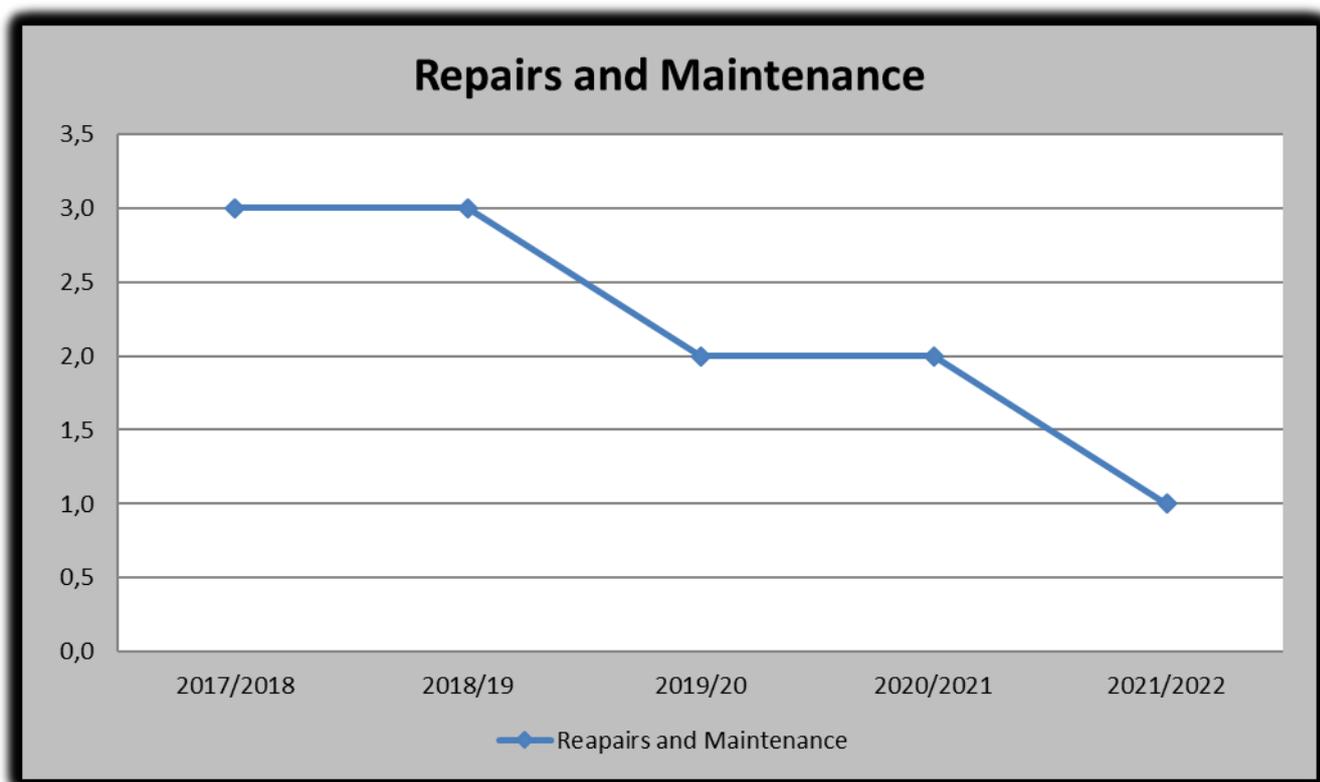
The ratio increased from 3% In 2017/18 and two outer years and in 2020/21 together with 2021/2022 the ratio decreased to 2% due to decrease in the finance charges. The municipality does not have any loans with fianancial institutions. Furthermore the municipality embarked on an exercise of buying the municipal fleet instead of leasing or renting the vehicules. This has resulted in a decrease on the balance of finance lease obligations and finance costs.



Creditor System Efficiency- The proportion of creditors paid within terms(i.e 30 days). The ratio is calculated by outstanding trade creditors divided by creditor purchases. The ratio deteriorated in 2017/18 due to late payments of suppliers as a result of financial difficulties that was facing the municipality during that financial year. The municipality is still experiencing challenges in paying the suppliers within 30 days however the graph above shows gradual improvements over the years. In 2020/21 and 2021/22 there is great improvement in creditors payment period compared to previous financial years the municipality is striving to pay its suppliers within 30 days excepts for instances beyond the control of the municipality such late submission of invoices.



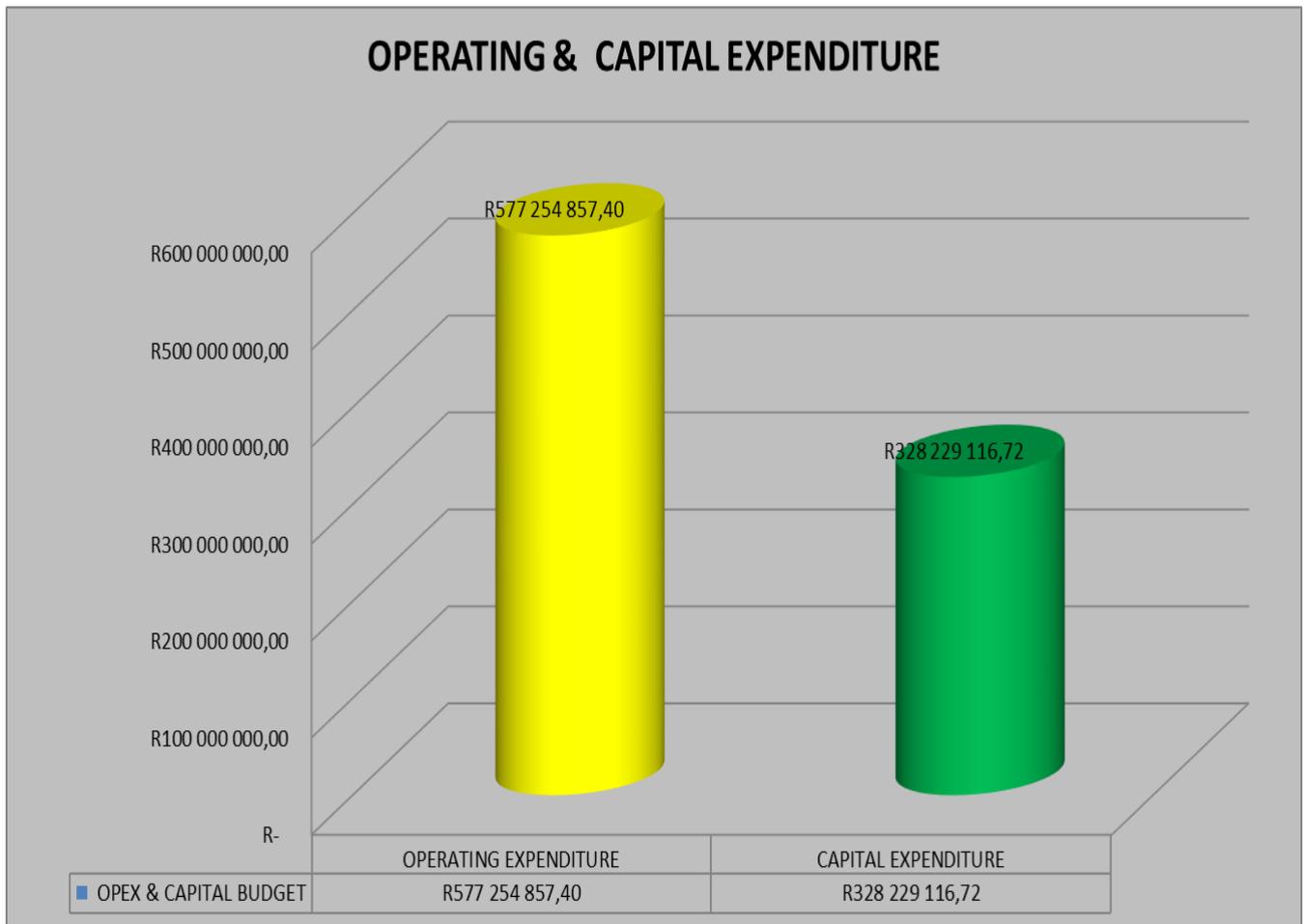
Employee related costs cost measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue. The remuneration as a % of operational expenditure is above the circular 71 norm of between 25% and 40%. An increase trend can be noticed in the employee related costs which could pose financial risks if the increase in own revenue does not keep up with increasing costs. The ratio has remained fairly constant over the years



Repairs and maintenance represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance by the municipality's own revenue including the equitable share allocation. This ratio shows that the percentage of revenue spent on repairs and maintenance has been declining from 2019/20 meaning the municipality is spending less money on maintaining its infrastructure. The municipality is still facing financial challenges and failing to budget enough for repairs and maintenance and this poses a risk of disruptions in service delivery due to failure of the water and sanitation plants not well serviced.

5.3 Component B: Spending against Capital Budget

Capital expenditure largely relates mainly to construction projects that will have value lasting over many years. In the case of the District, this relates to the Water & Sanitation Capital expenditure funded from National Grants Transfers. The municipality spent 100% of its Capital Budget.



An analysis of expenditure on the capital budget shows that the municipality's Capital expenditure is highly reliant on Government Grants and subsidies. The district's commitment towards water & sanitation service delivery backlogs reduction is indicated by the greater than 100% expenditure trend on water & sanitation infrastructure in the capital budget under trading service

5.4 Component C: Cash flow Management and Investment

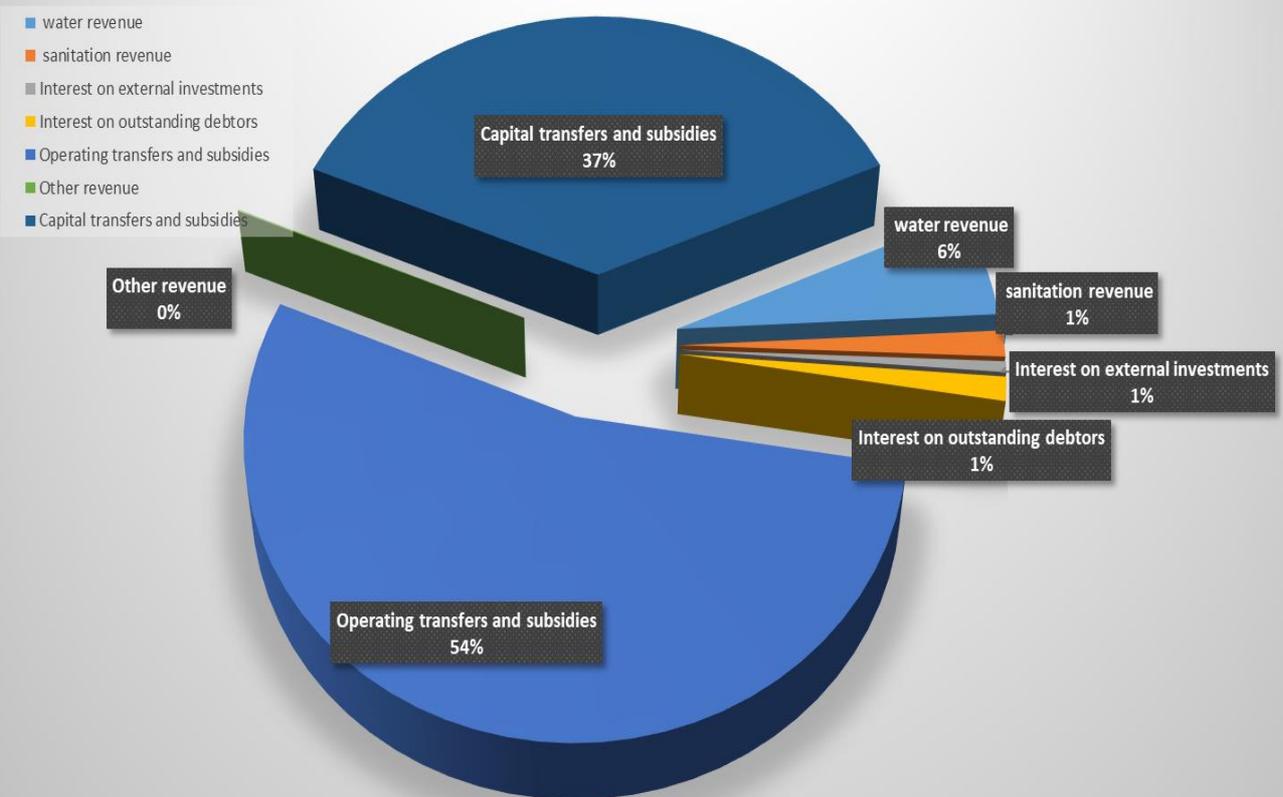
COMMENT ON CASH FLOW OUTCOMES

In 2017/18 financial year the cash flow position was at positive balance for the municipality and the cash flow drop down in 2018/19 but still in a positive balance, and in 2019/20 financial year it further drop down to R40, 6million. The cash flow improved in the 2020/21 financial year to R 56, 7million and again in 2021/22 the municipality closed the year with a positive balance of R59, 6million while all the conditional grants were fully spent.

| | |
|-----------|----------------|
| ✓ 2017/18 | R 96, 9million |
| ✓ 2018/19 | R 58, 3million |
| ✓ 2019/20 | R 40, 6million |
| ✓ 2020/21 | R 56, 7million |
| ✓ 2021/22 | R 59,6million |

The municipality need to continue with cost containment measures to ensure that the municipality's liquidity position continues to improve.

CASH RECEIPTS DISTRIBUTION



TRANSFERS AND GRANTS RECEIVED AS AT 30 JUNE 2022

| Description | 2020/21 | Budget Year 2021/22 | | | | | | | |
|-----------------------------------------------------|-----------------|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| RECEIPTS: | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 429 587 | 400 406 | 400 406 | 17 325 | 453 804 | 400 406 | 53 398 | 13,3% | 400 406 |
| Energy Efficiency and Demand Side Management Grant | - | - | - | - | - | - | - | - | - |
| Equitable Share | 417 623 | 387 013 | 387 013 | - | 387 013 | 387 013 | - | 0,0% | 387 013 |
| Expanded Public Works Programme Integrated Grant | 5 195 | 4 596 | 4 596 | - | 4 596 | 4 596 | - | 0,0% | 4 596 |
| Integrated National Electrification Programme Grant | - | - | - | - | - | - | - | - | - |
| Local Government Financial Management Grant | 1 000 | 1 200 | 1 200 | 371 | 1 200 | 1 200 | - | 0,0% | 1 200 |
| Municipal Disaster Relief Grant | - | - | - | - | - | - | - | - | - |
| Municipal Infrastructure Grant | 3 524 | 5 322 | 5 322 | 12 666 | 28 958 | 5 322 | 23 636 | 444,1% | 5 322 |
| Rural Road Asset Management Systems Grant | 2 245 | 2 275 | 2 275 | 875 | 2 275 | 2 275 | - | 0,0% | 2 275 |
| Water Services Infrastructure Grant | - | - | - | 3 413 | 29 762 | - | 29 762 | | - |
| Other transfers and grants [insert description] | - | - | - | - | - | - | - | | - |
| Provincial Government: | 352 | - | - | 135 | 135 | - | 135 | | - |
| Capacity Building and Other Grants | 352 | - | - | 135 | 135 | - | 135 | | - |
| Other | - | - | - | - | - | - | - | | - |
| Rural Development Grant | - | - | - | - | - | - | - | | - |
| Other transfers and grants [insert description] | - | - | - | - | - | - | - | | - |
| District Municipality: | - | - | - | - | - | - | - | | - |
| Specify (Add grant description) | - | - | - | - | - | - | - | | - |
| Other grant providers: | 404 | - | - | - | - | - | - | | - |
| Chemical Industry Seta | 404 | - | - | - | - | - | - | | - |
| Parent Municipality | - | - | - | - | - | - | - | | - |
| Unspecified | - | - | - | - | - | - | - | | - |
| Total Operating Transfers and Grants | 430 342 | 400 406 | 400 406 | 17 459 | 453 939 | 400 406 | 53 533 | 13,4% | 400 406 |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 287 857 | 298 258 | 331 258 | 21 068 | 277 860 | 331 258 | (53 398) | -16,1% | 331 258 |
| Equitable Share | - | - | - | - | - | - | - | | - |
| Integrated National Electrification Programme Grant | - | - | - | - | - | - | - | | - |
| Municipal Infrastructure Grant | 205 476 | 207 558 | 215 558 | 15 539 | 191 922 | 215 558 | (23 636) | -11,0% | 215 558 |
| Neighbourhood Development Partnership Grant | - | - | - | - | - | - | - | | - |
| Regional Bulk Infrastructure Grant | 22 381 | - | - | - | - | - | - | | - |
| Rural Road Asset Management Systems Grant | - | - | - | - | - | - | - | | - |
| Water Services Infrastructure Grant | 60 000 | 90 700 | 115 700 | 5 530 | 85 938 | 115 700 | (29 762) | -25,7% | 115 700 |
| Provincial Government: | 19 693 | - | 34 000 | 9 704 | 46 781 | 34 000 | 12 781 | 37,6% | 34 000 |
| Infrastructure Grant | 19 693 | - | 34 000 | 9 704 | 46 781 | 34 000 | 12 781 | 37,6% | 34 000 |
| District Municipality: | - | - | - | - | - | - | - | | - |
| Specify (Add grant description) | - | - | - | - | - | - | - | | - |
| Other grant providers: | - | - | - | - | - | - | - | | - |
| [insert description] | - | - | - | - | - | - | - | | - |
| Human Settlement Re-development Programme | - | - | - | - | - | - | - | | - |
| Total Capital Transfers and Grants | 307 550 | 298 258 | 365 258 | 30 773 | 324 641 | 365 258 | (40 617) | -11,1% | 365 258 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 737 892 | 698 664 | 765 664 | 48 232 | 778 580 | 765 664 | 12 916 | 1,7% | 765 664 |

COMMENT ON GRANT RECEIPTS

Operating Transfers and Grants: Budgeted operating include grants such as the Financial Management Grants that contribute the overall institutional arrangement such as Rural household's infrastructure grants, equitable share etc.

Capital Transfers and Grants: All capital grants budget as budgeted were received.

5.4.1 Borrowing and Investments

The municipality does not have any long-term borrowings

The municipality does not have investments greater than 90 days. All excess funds are deposited and kept in call accounts and these short term investments are made after taking into consideration short term working capital requirements.

5.4.2 Public Private Partnerships

The Municipality is currently not involved in any Public Private Partnerships arrangements.

Report on the audit of the consolidated and separate financial statements

Opinion

I have audited the consolidated and separate financial statements of the Harry Gwala District Municipality set out on pages 2 To 8, which comprise the consolidated and separate statements of financial position as at 30 June 2019, the consolidated and separate statement of financial performance, consolidated statement of changes in net assets, consolidated and separate cash flow statement and the consolidated statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Harry Gwala District

Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

Basis for opinion

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

I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA codes) as well as the 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 codes.

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

Emphasis of matters

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

Significant uncertainties – Contingent Liabilities

With reference to note 39 to the consolidated and separate financial statements, the municipality and its entity is a defendant in various claims received from suppliers. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result was made in the financial statements.

Material losses - water

As disclosed in note 48 to the consolidated and separate financial statements, material water losses of R9,02 million (2017-18: R9,11 million) were incurred by the municipality, which represents 31,9% (2017-18: 38,2%) of total water distributed.

Restatement of corresponding figures

As disclosed in note 41 to the consolidated and separate financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Other matter

I draw attention to the matter below.

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2019:

| Objective | Pages in the annual performance report |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| Objective 1 – to improve the coverage, quality. Efficiency and sustainability of water and sanitation in all urban and rural communities | x – x |

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective.

Other matters

I draw attention to the matters below.

Achievement of planned targets

The annual performance report on pages x to x includes information on the achievement of planned targets for the year.

Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the selected objective. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

Reasonable steps were not taken to prevent unauthorised expenditure of R62,57 million incurred during the year by the municipality, as disclosed in note 45 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by inadequate budgeting for bulk purchases, inventory consumed and operational costs.

Reasonable steps were not taken to prevent irregular expenditure of R138,49 million incurred during the year by the municipality, as disclosed in note 47 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by awarding contracts without following proper procurement processes.

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

Consequence management

Some of the 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.

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

Procurement and contract management

Some of the construction contracts were awarded to contractors that were not registered with the CIDB in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).

Other information

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

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

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

The other information I obtained prior to the date of this report is the Mayor's foreword and the accounting officers report. The audit committee's report is expected to be available to me after 12 December 2019.

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 on this other information, I am required to report that fact. I have nothing to report in this regard.

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

Internal control deficiencies

I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted the findings on compliance with legislation included in this report.

Leadership did not exercise adequate oversight and monitoring over compliance with laws and regulations.

Non-compliance could have been prevented, had management updated their compliance checklists with all the required legislative requirements relating to expenditure, consequence management and procurement and contract management.

Other reports

I draw attention to the following engagements conducted that had, or could have, an impact on the matters reported in the consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

In terms of proclamation number R10 of 2017, Government Gazette 40594 of 3 February 2017, the Special Investigating Unit is investigating various irregularities regarding the procurement of goods and services from 10 service providers which covers the period 1 January 2010 to 3 February 2017. These investigations were still in progress at the date of this report.

The entity requested an independent consultant to investigate an allegation of possible financial misconduct by the former accounting officer, which covers the period 14 May 2018 to 7 September 2018. The investigation is still in progress at the date of this report.

The municipality requested two independent consulting firms to investigate allegations relating to possible misappropriation of funds and payments to fictitious employees. The two investigations covered the periods 1 July 2014 to 30 June 2017, and the period prior to 31 January 2017. These investigations were completed at the date of this report and resulted in criminal proceedings against the implicated employees. These proceedings are currently in progress.

Pietermaritzburg

12 December 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

identify and assess the risks of material misstatement of the consolidated and separate 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 group’s internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s ability 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 consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate 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 group to cease continuing as a going concern, and

evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate

financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 to the [Company name] confirm
[Document title]
[Document subtitle]

accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Harry Gwala District Municipality and its municipal entity

Report on the audit of the consolidated and separate financial statements

Opinion

I have audited the consolidated and separate financial statements of the Harry Gwala District Municipality and its municipal entity (the group) set out on pages xx to xx, which comprise the consolidated and separate statement of financial position as at 30 June 2021, the consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, consolidated and separate cash flow statement and the consolidated and separate 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.

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

Basis for opinion

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

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

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

Emphasis of matters

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

Restatement of corresponding figures

As disclosed in note 41 to the consolidated and separate financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the group at, and for the year ended 30 June 2021.

Material impairments – consumer debtors

As disclosed in note 7 to the consolidated and separate financial statements, the municipality recognised a provision for impairment of R204,32 million (2019-20: R169,94 million) as the recoverability of these amounts was doubtful.

Material losses – water

As disclosed in note 49 to the consolidated and separate financial statements, material water losses of R6,56 million (2019-20: R9,55 million) were incurred by the municipality, which represented 28% (2019-20: 31%) of total water purchased. These losses were due to the high increase in water carting due to Covid-19, ageing infrastructure, informal settlements around the district that have water connections but were not billed and illegal connections especially in rural areas and informal settlements.

Other matter

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

Unaudited disclosure note

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

Responsibilities of the accounting officer for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected objective presented in the annual performance report of Harry Gwala District municipality. I performed procedures to identify material findings but not to gather evidence to express assurance.

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

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the basic service delivery objective presented in the municipality's annual performance report set out on pages xx to xx for the year ended 30 June 2021.

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not raise any material findings on the usefulness and reliability of the reported performance information for the basic service delivery objective.

Report on the audit of compliance with legislation

Introduction and scope

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

The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

Reasonable steps were not taken to prevent irregular expenditure of R68,56 million disclosed in note 48 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was due to the competitive bidding process not being followed.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R108 500 in the current year and a prior year amount of R8,09 million identified in the current year, as disclosed in note 47 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by payments for standing time on a construction contract.

Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected objective

presented in the annual performance report that has been specifically reported on in the auditor's report.

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

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

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

Internal control deficiencies

I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership did not fully implement the action plan and exercise adequate oversight and monitoring resulting in repeat compliance findings. Management did not take adequate steps to ensure that preventative controls were appropriately implemented in that compliance checklists were not diligently applied and frequently updated as and when necessary.



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Consolidated and separate financial statements

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

identify and assess the risks of material misstatement of the consolidated and separate 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 group’s internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the group 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 Harry Gwala District Municipality and its municipal entity 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 group

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

obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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.

APPENDICES

Appendix A: Councilors; committee allocation and council attendance

COUNCILLOR ATTENDANCE FOR 2021/2022 FINANCIAL YEAR

COUNCIL PRIOR TO NEW COUNCIL

SWORN-IN IN NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|----------------------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Councillor TN Jojozi | 3 | 3 | 0 |
| Councillor ZD Nxumalo | 3 | 3 | 0 |
| Councillor NH Maphasa-Duma | 3 | 3 | 0 |
| Councillor BP Nzimande | 3 | 1 | 2 30 September 2021 6 October 2021 |
| Councillor N Mavuka | 3 | 2 | 1 |

| | | | |
|------------------------|----------|---|------------------------------------------------------------|
| | | | 6 October 2021 |
| Councillor LA Zondi | 3 | 2 | 1 6 October 2021 |
| Councillor WB Dlamini | 3 | 2 | 1 30 September 2021 |
| Councillor NW Dladla | 3 | 3 | 0 |
| Councillor ZP Gcume | 3 | 3 | 0 |
| Councillor ZC Khumalo | 3 | 3 | 0 |
| Councillor BL Marnce | 3 | 2 | 1 6 October 2021 |
| Councillor SS Mavuma | 3 | 2 | 1 30 September 2021 |
| Councillor MSD Mdunge | 3 | 3 | 0 |
| Councillor NC Siziba | 3 | 3 | 0 |
| Councillor N Mhatu | 3 | 2 | 1 30 September 2021 |
| Councillor BC Mncwabe | 3 | 3 | 0 |
| Councillor TG Soni | 3 | 2 | 1 6 October 2021 |
| Councillor ZR Tshazi | 3 | 2 | 1 6 October 2021 |
| Councillor V Ncukana | 3 | 3 | 0 |
| Councillor VW Zaza | 3 | 1 | 2 30 September 2021 6 October 2021 |
| Councillor SJ Phakathi | 3 | 1 | 2 30 September 2021 6 October 2021 |
| Councillor SV Zulu | 3 | 0 | 3 26 August 2021 30 September 2021 6 October 2021 |
| Councillor L Ndzimande | 3 | 2 | 1 6 October 2021 |
| Councillor KM Mkhize | 2 | 2 | 0 |
| Councillor ZS Nyide | Deceased | | |
| Councillor B Sibeni | 3 | 0 | 3 26 August 2021 30 September 2021 |

| | | | |
|-----------------------|---|---|------------------------------------------|
| | | | 6 October 2021 |
| Councillor SN Madziba | 3 | 2 | 1 26 August 2021 |
| Inkosi LT Baleni | 3 | 1 | 2 26 August 2021 30 September 2021 |
| Inkosi MSI Zulu | 3 | 2 | 1 26 August 2021 |
| Inkosi VV Zimema | 3 | 1 | 2 26 August 2021 30 September 2021 |
| Inkosi DWF Mkhize | 3 | 2 | 1 30 September 2021 |

EXECUTIVE COMMITTEE PRIOR TO NEW COUNCIL**SWORN-IN IN NOVEMBER 2021**

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|----------------------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Councillor ZD Nxumalo | 5 | 5 | 0 |
| Councillor NH Maphasa-Duma | 5 | 2 | 2 8 September 2021 23 September 2021 |
| Councillor BP Nzimande | 5 | 5 | 0 |
| Councillor N Mavuka | 5 | 5 | 0 |
| Councillor LA Zondi | 5 | 3 | 2 8 September 2021 5 October 2021 |

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE PRIOR TO NEW COUNCIL SWORN-IN IN NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|-----------------|---------------------------------|-----------------------------------|----------------------------------------------------------------------------|
| ClIr SV Zulu | 4 | 0 | All 5 August 2021 20 August 2021 24 August 2021 1 October 2021 |
| ClIr WB Dlamini | 4 | 3 | 1 24 August 2021 |
| ClIr TG Soni | 4 | 4 | 0 |
| ClIr BL Marnce | 4 | 4 | 0 |

| | | | |
|-----------------|---|---|---------------------------------------|
| Cllr L Nzimande | 4 | 2 | 2 20 August 2021 1 October 2021 |
|-----------------|---|---|---------------------------------------|

BUDGET AND TREASURY OFFICE COMMITTEE PRIOR TO NEW COUNCIL SWORN-IN IN NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|-----------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Cllr ZD Nxumalo | 6 | 5 | 1 13 May 2022 |
| Cllr TN Jojozi | 6 | 6 | 0 |
| Cllr MSD Mdunge | 2 | 2 | 0 |
| Cllr SS Mavuma | 2 | 2 | 0 |
| Cllr LA Zondi | 2 | 2 | 0 |

CORPORATE SERVICES COMMITTEE PRIOR TO NEW COUNCIL SWORN-IN IN NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|-----------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Cllr ZD Nxumalo | 2 | 2 | 0 |
| Cllr ZP Gcume | 2 | 2 | 0 |
| Cllr LA Zondi | 2 | 1 | 1 17 August 2021 |
| Cllr B Sibeni | 2 | 1 | 1 22 September 2021 |

INFRASTRUCTURE SERVICES COMMITTEE PRIOR TO NEW COUNCIL SWORN-IN IN NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|------------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Cllr N Mavuka | 1 | 1 | 0 |
| Cllr SN Madziba | 1 | 1 | 0 |
| Cllr SJ Phakathi | 1 | 1 | 0 |
| Cllr N Mhatu | 1 | 1 | 0 |
| Cllr VW Zaza | 1 | 1 | 0 |

WATER SERVICES COMMITTEE PRIOR TO NEW COUNCIL SWORN-IN IN NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|------------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Cllr BP Nzimande | 1 | 1 | 0 |
| Cllr KM Mkhize | 1 | 0 | 1 4 August 2021 |
| Cllr BC Mncwabe | 1 | 1 | 0 |
| Cllr S Siziba | 1 | 0 | 1 4 August 2021 |
| Cllr ZC Khumalo | 1 | 1 | 0 |

LOCAL LABOUR FORUM PRIOR TO NEW COUNCIL

SWORN-IN IN NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|-----------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Cllr ZR Tshazi | 1 | 0 | 1 21 September 2021 |
| Cllr MSD Mdunge | 1 | 1 | 0 |
| Cllr ZC Kumalo | 1 | 1 | 0 |
| Cllr NW Dladla | 1 | 1 | 0 |

WOMEN'S CAUCUS PRIOR TO NEW COUNCIL

SWORN-IN IN NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|-------------------------------|---------------------------------|-----------------------------------|--------------------------------------------|
| 1. Cllr TG Soni (Chairperson) | 0 | 0 | 0 |
| 2. Cllr NH Maphasa-Duma | 0 | 0 | 0 |
| 3. Cllr TN Jojozi | 0 | 0 | 0 |
| 4. Cllr N Dladla | 0 | 0 | 0 |
| 5. Cllr BC Mncwabe | 0 | 0 | 0 |
| 6. Cllr ZC Khumalo | 0 | 0 | 0 |
| 7. Cllr V Ncukana | 0 | 0 | 0 |
| 8. Cllr WB Dlamini | 0 | 0 | 0 |
| 9. Cllr S Nkala | 0 | 0 | 0 |
| 10. Cllr ZR Tshazi | 0 | 0 | 0 |
| 11. Cllr LA Zondi | 0 | 0 | 0 |
| 12. Cllr B Sibeni | 0 | 0 | 0 |
| 13. Cllr ZP Gcume | 0 | 0 | 0 |
| 14. Cllr ZS Nyide (Deceased) | 0 | 0 | 0 |

RAPID RESPONSE TEAM PRIOR TO NEW COUNCIL**SWORN-IN IN NOVEMBER 2021**

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|--------------------------|-----------------------------------------|-------------------------------------------|--------------------------------------------------------|
| 1. Cllr. TN Jojozi | 1 | 1 | 0 |
| 2. Cllr. ZD Nxumalo | 1 | 0 | 1 30 August 2021 |
| 3. Cllr. NH Maphasa-Duma | 1 | 1 | 0 |
| 4. Cllr. BP Nzimande | 1 | 0 | 1 30 August 2021 |
| 5. Cllr. N Mavuka | 1 | 1 | 0 |
| 6. Cllr. WB Dlamini | 1 | 0 | 1 30 August 2021 |
| 7. Cllr. NW Dladla | 1 | 0 | 1 30 August 2021 |
| 8. Cllr. ZC Khumalo | 1 | 1 | 0 |
| 9. Cllr. BC Mncwabe | 1 | 1 | 0 |
| 10. Cllr. TG Soni | 1 | 1 | 0 |
| 11. Cllr. ZR Tshazi | 1 | 1 | 0 |
| 12. Cllr. LA Zondi | 1 | 1 | 0 |

COUNCIL - NEW COUNCIL**SWORN-IN ON 26 NOVEMBER 2021**

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|------------------------|---------------------------------------------|-----------------------------------------------|---------------------------------------------------------------------------------------|
| Councillor MSD Mdunge | 13 | 13 | 0 |
| Councillor TN Jojozi | 13 | 11 | 2 26 January 2022 25 February 2022 27 May 2022 |
| Councillor ZD Nxumalo | 13 | 12 | 1 20 May 2022 |
| Councillor N Mhatu | 13 | 13 | 0 |
| Councillor SD Bekwa | 13 | 13 | 0 |
| Councillor KS Dlamini | 13 | 10 | 3 25 February 2022 6 May 2022 27 May 2022 |
| Councillor Z Tshangase | 13 | 11 | 2 25 February 2022 27 May 2022 |
| Councillor ZP Dlamini | 13 | 13 | 0 |
| Councillor NW Dladla | 13 | 12 | 1 27 May 2022 |
| Councillor HA Lukhozi | 13 | 13 | 0 |
| Councillor XM Memela | 13 | 8 | 5 11 February 2022 25 February 2022 6 May 2022 20 May 2022 27 May 2022 |
| Councillor VAT Mthembu | 13 | 11 | 2 6 May 2022 20 May 2022 |
| Councillor NC Dlamini | 13 | 11 | 2 25 February 2022 27 May 2022 |

| | | | |
|--------------------------|----|-----|---------------------------------------------------------------------------------------------------------|
| Councillor N Mda | 13 | 10 | 3 29 March 2022 15 June 2022 28 June 2022 |
| Councillor BR Memela | 13 | 13 | 0 |
| Councillor TG Soni | 13 | 13 | 0 |
| Councillor NR Mtshali | 13 | 10 | 3 25 February 2022 27 May 2022 15 June 2022 |
| Councillor TSH Gamede | 13 | 13 | 0 |
| Councillor ZR Tshazi | 13 | 13 | 0 |
| Councillor PN Damoyi | 13 | 12 | 1 11 February 2022 |
| Councillor R Ramatlapeng | 13 | 11 | 2 25 February 2022 28 June 2022 |
| Councillor HV Msomi | 13 | 13 | 0 |
| Councillor NH Zaca | 13 | 13 | 0 |
| Councillor ZM Ngidi | 13 | 12 | 1 28 June 2022 |
| Councillor NH Malimela | 13 | 10 | 3 20 May 2022 15 June 2022 28 June 2022 |
| Councillor | 13 | | |
| Councillor B Sibeni | 13 | 9 | 4 25 February 2022 6 May 2022 20 May 2022 15 June 2022 |
| Councillor BL Marnce | 13 | 7 | 6 26 January 2022 11 February 2022 28 April 2022 6 May 2022 15 June 2022 28 June 2022 |
| Councillor BC Keswa | 13 | 110 | 3 |

| | | | |
|------------------|----|---|-------------------------------------------------------------------------------------|
| | | | 29 March 2022 28 June 2022 12 May 2022 |
| Inkosi VV Zimema | 13 | 9 | 4 8 December 2021 29 March 2022 28 April 2022 27 May 2022 |
| Inkosi MSI Zulu | 13 | 8 | 5 8 December 2021 29 March 2022 28 April 2022 6 May 2022 27 May 2022 |

EXECUTIVE COMMITTEE - NEW COUNCIL

SWORN-IN ON 26 NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|------------------------|---------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------|
| Councillor ZD Nxumalo | 10 | 9 | 1 19 May 2022 |
| Councillor TN Jojozi | 10 | 9 | 1 24 June 2022 |
| Councillor SD Bekwa | 10 | 10 | 0 |
| Councillor KS Dlamini | 10 | 10 | 0 |
| Councillor Z Tshangase | 10 | 6 | 4 17 February 2022 22 February 2022 18 May 2022 19 May 2022 |

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE - NEW COUNCIL

SWORN-IN ON 26 NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|-----------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Cllr WB Dladla | 6 | 6 | 0 |
| Cllr BL Marnce | 6 | 6 | 0 |
| Cllr HA Lukhozi | 6 | 6 | 0 |
| Cllr N Mda | 6 | 6 | 0 |
| Cllr BR Memela | 6 | 5 | 1 11 March 2022 |

**BUDGET AND TREASURY OFFICE COMMITTEE - NEW COUNCIL
SWORN-IN ON 26 NOVEMBER 2021**

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|-----------------|---------------------------------|-----------------------------------|--------------------------------------------|
| Cllr ZD Nxumalo | 5 | 4 | 1 13 May 2022 |
| Cllr TN Jojozi | 5 | 5 | 0 |
| Cllr SD Bekwa | 5 | 5 | 0 |
| Cllr KS Dlamini | 5 | 5 | 0 |
| Cllr B Keswa | 5 | 4 | 1 11 February 2022 |

CORPORATE SERVICES COMMITTEE - NEW COUNCIL**SWORN-IN ON 26 NOVEMBER 2021**

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|-----------------|-----------------------------------------|-------------------------------------------|--------------------------------------------------------|
| ClIr TN Jojozi | 5 | 5 | 0 |
| ClIr B Sibeni | 5 | 2 | 3 10 May 2022 17 May 2022 14 June 2022 |
| ClIr TSH Gamede | 5 | 5 | 0 |
| ClIr XM Memela | 5 | 2 | 3 10 May 2022 17 May 2022 14 June 2022 |
| ClIr PN Damoyi | 5 | 4 | 1 13 April 2022 |
| ClIr N Malimela | 5 | 2 | 3 10 May 2022 17 May 2022 14 June 2022 |

SOCIAL SERVICES AND DEVELOPMENT PLANNING COMMITTEE - NEW COUNCIL**SWORN-IN ON 26 NOVEMBER 2021**

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|----------------|-----------------------------------------|-------------------------------------------|------------------------------------------------|
| ClIr TN Jojozi | 6 | 6 | 0 |
| ClIr ZR Tshazi | 6 | 5 | 1 2 June 2022 |
| ClIr NH Zaca | 6 | 6 | 0 |
| ClIr PK Memela | 6 | 5 | 1 |

| | | | |
|--------------------|---|---|------------------------------------------------------------------------------------|
| | | | 6 April 2022 |
| Cllr NC Dlamini | 6 | 5 | 1 6 June 2022 |
| Inkosi MSI Zulu | 6 | 1 | 5 17 January 2022 9 March 2022 6 April 2022 11 May 2022 1 June 2022 |

WATER SERVICES COMMITTEE - NEW COUNCIL

SWORN-IN ON 26 NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER OF DATES OF MEETINGS ABSENT |
|--------------------|---------------------------------|-----------------------------------|-------------------------------------------|
| Cllr BC Bekwa | 3 | 3 | 0 |
| Cllr N Mhathu | 3 | 3 | 0 |
| Cllr R Ramatlapeng | 3 | 1 | 2 1 April 2022 3 June 2022 |
| Cllr VAT Mthembu | 3 | 3 | 0 |
| Cllr TG Soni | 3 | 3 | 0 |
| Cllr N Memela | 3 | 2 | 1 1 April 2022 |

INFRASTRUCTURE SERVICES COMMITTEE - NEW COUNCIL

SWORN-IN ON 26 NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER OF DATES OF MEETINGS ABSENT |
|-----------------|---------------------------------|-----------------------------------|-------------------------------------------|
| Cllr ZD Nxumalo | 3 | 2 | 1 1 April 2022 |
| Cllr ZP Dlamini | 3 | 3 | 0 |

| | | | |
|------------------|---|---|---|
| Cllr NR Mtshali | 3 | 3 | 0 |
| Cllr HV Msomi | 3 | 3 | 0 |
| Cllr T Tshangase | 3 | 3 | 0 |
| Inkosi VV Zimema | 3 | 0 | 0 |

**LOCAL LABOUR FORUM - NEW COUNCIL
SWORN-IN ON 26 NOVEMBER 2021**

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER OF DATES MEETINGS ABSENT |
|-----------------|---------------------------------|-----------------------------------|----------------------------------------|
| Cllr BC Keswa | 2 | 2 | 0 |
| Cllr ZR Tshazi | 2 | 2 | 0 |
| Cllr ZP Dlamini | 2 | 2 | 0 |
| Cllr TSH Gamede | 2 | 2 | 0 |

**WOMEN'S CAUCUS - NEW COUNCIL
SWORN-IN ON 26 NOVEMBER 2021**

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER OF DATES MEETINGS ABSENT |
|-------------------------------------|---------------------------------|-----------------------------------|----------------------------------------|
| 1. Cllr ZP Dlamini (Chairperson) | 1 | 1 | 0 |
| 2. Cllr TN Jojozi | 1 | 1 | 0 |
| 3. Cllr N Mhatu | 1 | 0 | 1 3 March 2022 |
| 4. Cllr N Damoyi | 1 | 1 | 0 |
| 5. Cllr NW Dladla | 1 | 1 | 0 |
| 6. Cllr TSH Gamede | 1 | 1 | 0 |
| 7. Cllr NH Malimela | 1 | 1 | 0 |
| 8. Cllr BR Memela | 1 | 1 | 0 |
| 9. Cllr N Mda | 1 | 1 | 0 |

| | | | |
|------------------------|---|---|-------------------|
| 10. Cllr NR Mtshali | 1 | 1 | 0 |
| 11. Cllr R Ramatlapeng | 1 | 0 | 1 3 March 2022 |
| 12. Cllr B Sibeni | 1 | 0 | 1 3 March 2022 |
| 13. Cllr TG Soni | 1 | 1 | 0 |
| 14. Cllr ZR Tshazi | 1 | 1 | 0 |
| 15. Cllr NH Zaca | 1 | 1 | 0 |

RAPID RESPONSE TEAM - NEW COUNCIL

SWORN-IN ON 26 NOVEMBER 2021

| MEMBERS | TOTAL NUMBER OF MEETINGS | NUMBER OF MEETINGS PRESENT | NUMBER AND DATES OF MEETINGS ABSENT |
|--------------------------------------------|---------------------------------|-----------------------------------|--------------------------------------------|
| 1. Cllr. MSD Mdunge (Speaker/ Chairperson) | 4 | 4 | 0 |
| 2. Inkosi MSI Zulu | 4 | 4 | 0 |
| 3. Cllr. NW Dladla | 4 | 4 | 0 |
| 4. Cllr. NC Dlamini | 4 | 4 | 0 |
| 5. Cllr. N Mda | 4 | 2 | 2 10 May 2022 28 June 2022 |
| 6. Cllr. NR Mtshali | 4 | 2 | 2 28 February 2022 10 May 2022 |
| 7. Cllr. TG Soni | 4 | 3 | 1 28 February 2022 |

Appendix B: Committee and committee purpose

Executive Committee Council

Finance and Corporate Services Committee

Social Services and development Planning Committee

Infrastructure Services Committee

Water Services Committee

Municipal Public Accounts Committee

Audit Committee

Executive committee

It is the Principal Committee and also makes recommendations to Council for Endorsement. It monitors the municipal performance. The Committee also reports annually to Council on the effect of community participation and consultation in oversee provision of services to the community eg. Integrated Development Plan (IDP) roadshows.

Council

This is the body that makes the by-laws and decisions for the municipality and oversees the executive and administration. It has a number of different responsibilities. These include making the by-laws and policies, providing financial oversight, planning the budget, approval of the Service Delivery and Budget Implementation Plan (SDBIP) and the Integrated Development Plan (IDP), employment of the Municipal Manager and ensures that policies and by-laws are adhered to. It is also responsible for ensuring that the municipal administration fulfills its duties by ensuring that all resolutions are implemented.

Finance and Corporate Services committee

The Finance and Corporate Services Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council and advising the Executive Committee on all policy matters ensuring appropriate systems and procedures.

Receive reports and evaluate progress on Human Resources, Administrative and Communication issues.

Make recommendations on legislation and policies relating to Human Resources, Administrative Finance and Communication matters.

Matters related to the job evaluation and grading of staff.

Performance Management that is cascaded to employees below Section 56 Managers.

Implementation of new structures and strategies.

Ensuring that administrative systems and processes of Sisonke District Municipality are in line with National principles e.g. Batho Pele principles.

Deliberate on all finance related matters.

Deliberate on Communication matters.

Assist the Executive Committee in the allocation if applicable, the distribution of grants made to the District Municipality such as LGSETA grants.

Monitoring of Workplace Skills Plan and all other related programmes.

Assist the Executive Committee in water tariffs related matters by developing revenue enhancement strategy.

Policy decisions relating to:

The recruitment, selection and appointment of persons as staff members.

The monitoring, measuring and evaluating performance of staff.

The dismissal and retrenchment of staff

Conditions of service for employees

Labour Relations matters

Human Resources Development

Transformation and diversity management

Any other matters related to:

General Administration

Security Services

Organisational Development

Committees Management an Administration

Registry Services

Information Communication Technology Management

Communication

Social Services and Development Planning committee

The Social Services and Development Planning Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee:-

Social Development strategies for all sectors of the District community, including but not limited to Senior Citizens, Youth, Women (Gender issues), children and people with disabilities.

Environmental Health System: the planning and development of a system and mechanisms to implement an effective and efficient environmental health system.

Sports and Recreation, Heritage, Arts and Culture: coordinating and initiating programmes and projects aimed at developing the skills, knowledge, talent and participating in social regeneration of all sectors of the community.

Disaster Management: planning and local economic including disaster mitigation i.e. put measures in place to deal with disaster should it happen.

The Committee shall approve development applications.

The Committee will work in promoting Tourism within the District.

Establishment of poverty alleviation initiatives

The Committee shall monitor progress and use of land after transfer.

Revitalisation of declining towns.

Encouragement livable and sustainable human settlements.

Development of sector plans and monitor that sector plans are undertaken.

Undertaking any other related functions which may be requested by the Committee from the Executive Committee.

Receive reports and evaluate progress.

Municipal Public Accounts committee

Audit Report on annual financial statements of the Municipality, Any reports issued by the Auditor- General on the Affairs of the Harry Gwala District Municipality, and the annual report of the municipality.

The Mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality; and any other financial statement or reports referred to MPAC by the Council. Any information relating to personnel; books of account, records, assets and liabilities of the council. Relevant information that may be required for the purpose fulfilling its mandate, MPAC may report on or make recommendations in relation to any of the reports or financial statements which it may examine.

In its examination (mentioned in 2) MPAC must take into account previous statements and reports and consider the degree to which previously identified shortcomings have been rectified. The Committee must report to council on its findings. The Committee shall initiate and develop the annual Oversight report on the Municipality's Annual Report.

The Committee may initiate, direct and supervise investigations referred to it and render an opinion on such recommendations. MPAC may consider any Audit Committee recommendations referred to it and render an opinion on such recommendations. The Committee may request or invite members of the public to attend any meeting of the Committee (section 16 (1) of the Municipal System Act, 2000) to assist it with the performance of its function. MPAC may co-opt advisory members or experts to advise the Committee in its deliberations, provided that such persons may not vote on any matter.

Audit committee

Section 166 of the Municipal Finance Management Act, 1998 requires every municipality to have an Audit Committee which must serve the purpose of being an independent advisory body to the council, political office bearers, and the municipal manager in his role as accounting officer, management and staff. The audit Committee is required to consider any matters relating to financial affairs of the municipality and any risk, internal and external audit matters. The Committee must review and assess the qualitative aspects of financial reporting, the municipality's processes and compliance with significant applicable legal, ethical regulatory requirements.

The advisory role of the Audit Committee is related to matters including:

internal financial control and internal audits;

risk management;

accounting policies;

the adequacy, reliability and accuracy of financial reporting and information;

performance management;

effective governance;

compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;

performance evaluation; and

Any other issues referred to it by the municipality.

The Committee must review the financial statements to provide council with a credible view of the financial position of the municipality. It must respond to any issues raised by the Auditor-General in the audit report and carry out any investigations into the financial affairs of the municipality which the council requests.

Infrastructure services committee

The Municipal Structures Act, 117 of 1998 prescribes the methodology for the establishment of Municipal Council Committees. The Infrastructure Committee (hereby referred to as the "Committee" is established in terms of Section 80 of the Municipal Structures Act.

The object of the Infrastructure Committee is to assist the Executive Committee to promote service delivery with the District Municipality.

The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee. The functions of the Infrastructure Committee are tabulated as follows:

Bulk electricity supply which includes for the purposes of such supply, the transmission, distribution and where applicable the generation of electricity.

Bulk sewage reticulation infrastructure (including bulk water reticulation and domestic waste water) and solid waste disposal.

Solid waste disposal infrastructure relating to the determination of waste of waste disposal strategy.

Establishment operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities.

Municipal roads which form an integral part of a road transport system for the area of the district, municipality as a whole. Any other municipal public works allocated to the municipality.

The Infrastructure Committee shall advise the Executive Committee on all fiscal and other incentives designed to promote infrastructure development.

Overseeing of the implementation of infrastructure projects.

Prioritization of infrastructure development projects and recommend to the Executive Committee Support administration in community liaison issues relevant to infrastructure development.

Represent Council in Seminars/workshops related to Infrastructure development.

The Committee must recommend the provision/approval of funds for unforeseen infrastructural improvements.

Overseeing the implementation of projects and support committees relevant to community development.

Water and Sanitation services committee

The Municipal Structures Act, 117 of 1998 prescribes the methodology for the establishment of Municipal Council Committees. The Water and Sanitation Committee (hereby referred to as the "Committee" is established in terms of Section 80 of the Municipal Structures Act.

This Committee provides to the Executive Committee, recommendations on legislation and policies relating to the following functions:

- Water,
- Sanitation,

- Ensure that all Safety issues relating to the above are adhered to,
- Legislative compliance,
- Receive progress reports on the issues mentioned above and evaluate progress.

Responsible to assist the Executive Committee in the coordination of functions pertaining to its portfolio. Considering reports from the designated officials for the portfolio, or other functionary and submit its recommendations on such issues to the Executive Committee.

Perform any duties and exercise any powers delegated to it by the Executive Committee.

May sub-delegate any duty or power delegated to it by the Executive Committee to any Political Office Bearer or the Municipal Manager.

May within the limits of any Policy Directives of the Executive Committee and adopted Integrated Development Plan issue policy directives to any Political Office Bearer or the Municipal Manager to whom discretion has been sub-delegated by it for the exercise of any power by such a person under such sub-delegation.

To assist the Executive Committee to promote a safe and healthy environment by advising the Executive Committee on:

- All policies and bylaws for the water and sanitation services
- The review of those bylaws, regulations, rules and tariffs that regulate and arise out of matters within the Terms of Reference of the Committee and the proposal of amendments and additions thereto.

Appoint from within its membership a sub-committee with powers to co-opt such other members as the sub-committee deem fit, to consider and report to the Committee on any matter falling within its terms of reference.

Recommend to the Executive Committee strategies, programs and services to address water and sanitation needs through the water services development plan and Integrated Development Plan; taking into account any applicable national and provincial development strategies and recommend or determine the best methods, including partnership and other approaches, to deliver water and sanitation services, programs and services to the maximum benefit of the community.

Oversee random water quality testing undertaken within the district municipality The Water and Sanitation Committee in performing its duties must: Identify and develop criteria in terms of which progress in the implementation of water and sanitation strategies, programs and services it recommended to the Executive Committee can be evaluated, including key performance indicators which are specific to the Municipality and common to local government and water sector in general evaluate progress against the key performance indicators, which include provision of water and sanitation.

Monitor water services administration.

Oversee the provision of water and basic sanitation services to the community in a sustainable manner, in compliance with Section 3 of the Water Services Act.

Ensure that regard is given of particular scheme specific and reports on the effect of consultation on the decisions of the Executive Committee.

Make recommendations to the Executive Committee about provision of water services to areas outside the district municipality.

To report to the Executive Committee on all decisions and resolutions taken by it where necessary, make a request to the district municipality for financial, technical and administrative support services for unforeseen water development services, planning and provision related matters.

APPENDIX C: Third tier administrative structure

| | | |
|------------------------------------------|-------------------------------------|-----------------------|
| Corporate Services | ED: Corporate Services | Ms. N. Lungwengwe |
| Human Resource Management | Director: HR | Mrs. P. Cele |
| Administration | Director: Administration | Mr. T. Ndaba |
| Social Services and Development Planning | ED: Social and Development Planning | Ms. TT Magaqa |
| IDP / PMS | Director: IDP / PMS | Mr. Z. Mtolo |
| Planning and Development | Director: Development Planning | Mr. L Zondi |
| Special Programmes | Director: Special Programmes | Mr. R. Langa |
| Social Services | Director: Social Services | Ms. T.T Mahlaba |
| Water & Sanitation | ED: Water & Sanitation | Mr. D. Gqiba |
| Operations and Maintenance | Director: O & M | Mr. SK Ngcobo |
| Design and Planning | Director: Design & Planning | Mr. S. Ngcobo |
| Governance | Director: Governance | Ms Basetsane Khathala |
| Infrastructure | ED: Infrastructure | Mr. B. Makwakwa |
| Project Management Unit | Director: Project Management Unit | Mr. M Mpepeto |
| Municipal Works | Director: Municipal Works | Mrs. H Ngcobo |
| Professional Services | Director: Professional Services | Mr. M Cele |
| Budget and Treasury Office | ED: Budget and Treasury Office | Mr M Mkatu |
| Supply Chain Management | Director: SCM | Ms. T. Dandala |

| | | |
|------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------|
| Income and Expenditure | Director: Income & Expenditure | Mr. X Dlamuka (Acting) |
| Budgeting and Reporting / Accounting Support / Financial Systems | Director: Budgeting and Reporting / Accounting Support / Financial Systems | Ms. A Nongalo |

Appendix D: Functions of municipal entity

| Municipal Functions | Function applicable to Municipality Y/N | Function applicable to Entity Y/N |
|---------------------------------------------|-----------------------------------------|-----------------------------------|
| Air pollution | N | N |
| Firefighting services | N | N |
| Local tourism | N | Y |
| Municipal planning | Y | N |
| Municipal health services | Y | N |
| Water and sanitation services | Y | N |
| Cemeteries, funeral parlours and crematoria | N | N |
| Cleansing | N | N |
| Control of public nuisances | N | N |
| Markets | N | Y |
| Municipal abattoirs | N | N |

| | | |
|-------------------------------------------------------|---|---|
| Municipal parks and recreation | N | N |
| Municipal roads | Y | N |
| Public places | N | N |
| Noise pollution | N | N |
| Refuse removal, refuse dumps and solid waste disposal | N | N |
| | | |

Appendix E: Ward reporting

Local municipality function

Appendix F: Ward information

Local municipality function

Appendix G: Recommendations of the municipal audit committee

REPORT OF THE AUDIT COMMITTEE FOR HARRY GWALA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2022

1. Objective

For the Audit Committee to present to Council the progress to date in carrying out its oversight responsibilities, including oversight for the statutory audit process for the financial year ended 30 June 2022.

2. Terms of reference

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Council on matters relating to: Internal financial control and internal audits; risk management; adequacy, reliability and accuracy of financial reporting and information; Accounting policies; performance management and evaluation; effective governance; Compliance with the MFMA, the Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipality.

The Audit Committee is also required to fulfil the functions of a Performance Management Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The MFMA also requires the Audit Committee to review the annual financial statements, respond to Council on matters raised by the Auditor General.

3. Audit Committee membership and attendance

As at 30 June 2022 the Audit Committee comprised of four independent members. The members have diverse skills and experience. An independent member chairs the Committee. Both the Internal and External Auditors have unrestricted access to the Audit Committee.

The table below sets forth the membership and attendance at meetings of the committee for the period ended 30 June 2022. The Audit Committee held 5 meetings overall for this reporting period:

| | | Meetings | Meetings |
|----------------|-------------|----------|----------|
| Names | Role | held | attended |
| Mr S.Z. Hlophe | Chairperson | 5 | 5 |
| Ms S. Gumbi | Member | 5 | 5 |
| Prof B. Stobie | Member | 5 | 5 |
| Mr S Ngidi | Member | 5 | 5 |

4. Audit Committee’s Responsibility

The Audit Committee operates under written terms of reference, the audit committee charter which is approved by the Council annually. These terms of reference are in line with the requirements of section 166 of the MFMA and Treasury Regulation 27.1.

In the performance of its duties and in fulfilling its responsibility, the Audit Committee has performed the following statutory duties, responsibilities and would like to report as follows:

4.1 Internal Audit and Internal Control

In line with the requirements of the MFMA the Internal Audit provides the Audit Committee and Management with assurance as to whether the internal controls are appropriate and effective. This is achieved by means of the risk based internal audit plan which is approved by the Audit Committee annually.

- Internal Audit Plan and Charter

We approved the Internal Audit Plan covering the period ending 30 June 2022. We also approved the internal audit charter which serves as the guiding policy for the internal audit unit.

- Execution of Internal Audit Plan

Internal Audit unit performed all planned projects as per approved risk based annual internal audit plan.

- State of Internal Audit Function

We are satisfied of the work performed by Internal Audit within the municipality. As at 30 June 2022 the Internal Audit unit had only one vacant position.

4.2 Risk Management

We are pleased to report that, the municipality had a fully flashed Risk Management Unit for the financial year ending 30 June 2022. We have considered risks facing the municipality at both operational and strategic level, emanating from a risk assessment. The Audit Committee noted and approved operational risk register, while strategic risk register was recommended for Council consideration. We have continuously (quarterly basis) monitored the implementation of mitigating factors by management. We are satisfied with the progress made in this regard. We noted where applicable that some mitigating factors could not be implemented due to budgetary limitations.

4.3 ICT Governance and ICT Operations

We note and appreciate that the Municipality has a fully fleshed ICT Unit.

ICT is the integral part of the organization and it covers wide range of departments within the organization. We note that a significant amount of work has been done in this regard to improve internal controls, segregation of duties and interface issues relating to payroll and salaries.

4.4 Evaluation of Financial Reports and Annual Financial Statements (AFS)

Monthly and quarterly financial reports were submitted and reviewed by the Audit Committee during the year.

The Audit Committee reviewed the AFS for the year ended 30 June 2022, before submission to Auditor-General. All matters raised by Internal Audit and the Audit Committee were considered and processed.

4.5 Performance information

The Audit Committee also serves as the Performance Audit Committee for the Municipality. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001.

We reviewed the Annual Performance Report and draft Annual Report. We raised our observations which were addressed.

The Chairperson served on the evaluation panel in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Accounting Officer.

We noted improvement in overall performance of the Municipality.

5. Investigations

There were no investigations reported as new or underway during this period.

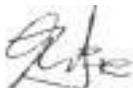
6. Conclusion

The Audit Committee confirms its commitment to assist and support the Council in the execution of its mandate and towards managing the financial affairs in accordance with the law.

To enhance the quality of our control environment and instil a culture of good governance within the Municipality, the Audit Committee always provides guidance and recommendations to management during our meetings.

The Audit Committee also wishes to thank the Council and management for their cooperation and support as well as the teams from internal audit and the Auditor-General for their contributions.

On behalf of the Audit Committee

A handwritten signature in black ink, appearing to read 'L. J. J.', is positioned below the text 'On behalf of the Audit Committee'.

Silas Hlophe
Chairperson

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Appendix H: Long term contract and public private partnership

None

Appendix I: Municipal entity service provider performance schedule

N/A

Appendix J: Disclosure of financial interest

| Period 1 July to 30 June 2019 | | |
|-------------------------------|------------------|-----------------------------------|
| Position | Name | Description of Financial interest |
| Mayor | Cllr Z D Nxumalo | N/A |
| Member of Executive Committee | Cllr N H Duma | N/A |
| Member of Executive Committee | Cllr N Mavuka | N/A |
| Member of Executive Committee | Cllr BP Nzimande | N/A |
| Member of Executive Committee | Cllr Zondi | N/A |
| Municipal Manager | Mrs. N Dlamini | N/A |
| Chief Financial Officer | Mr. M Mkatu | N/A |
| Section 56 officials | Mr. B Makwakwa | Yes |
| | Mr. D Gqiba | N/A |
| | Ms. N Lungwengwe | N/A |

Appendix K: Revenue collection performance by vote

K (1). Revenue collection performance by vote

| <u>TOTALING CATEGORY DESC</u> | <u>CURRENT</u> | <u>30 DAYS</u> | <u>60 DAYS</u> | <u>90 DAYS</u> | <u>120 DAYS</u> | <u>150 DAYS</u> | <u>TOTAL</u> |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|
| BASIC SEWERAGE | 143,318.19 | 141,941.64 | 140,902.73 | 140,542.06 | 139,990.07 | 4,592,184.41 | 5,298,879.10 |
| BASIC WATER | 301,500.19 | 299,984.08 | 298,185.82 | 297,558.75 | 296,538.82 | 15,615,772.64 | 17,109,540.30 |
| DEPOSIT | 14,043.25 | 5,883.77 | 2,247.53 | 5,401.23 | 2,160.50 | 45,653.30 | 75,389.58 |
| INTEREST | 1,030,428.17 | 1,216,476.59 | 1,198,357.79 | 800,392.88 | 853,295.00 | 37,883,374.19 | 42,982,324.62 |
| SEWERAGE SERVICES | 1,413,867.95 | 1,107,169.59 | 1,028,032.10 | 840,034.51 | 841,580.05 | 32,902,176.07 | 38,132,860.27 |
| SUNDRIES | - | - | 20,934.98 | - | - | 745,289.07 | 766,224.05 |
| WATER | 5,404,918.62 | 3,903,262.87 | 3,412,574.88 | 2,631,380.73 | 2,458,187.76 | 55,467,936.91 | 73,278,261.77 |
| TOTALING CATEGORY | 8,308,076.37 | 6,674,718.54 | 6,101,235.83 | 4,715,310.16 | 4,591,752.20 | 147,252,386.59 | 177,643,479.69 |

K (2). Revenue collection performance by source

| <u>DEBTOR TYPE DESC</u> | <u>CURRENT</u> | <u>30 DAYS</u> | <u>60 DAYS</u> | <u>90 DAYS</u> | <u>120 DAYS</u> | <u>150 DAYS</u> | <u>TOTAL</u> |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|----------------|
| DOMESTIC | 4,209,574.37 | 4,165,002.45 | 3,888,228.26 | 3,530,684.64 | 3,230,169.01 | 111,497,140.04 | 130,520,798.77 |
| BUSINESS | 814,529.80 | 573,018.90 | 641,265.16 | 313,810.66 | 348,941.97 | 7,829,090.79 | 10,520,657.28 |
| INDIGENTS | 562,447.16 | 573,183.10 | 531,843.99 | 458,886.12 | 613,184.97 | 22,169,913.64 | 24,909,458.98 |
| CHURCH | 20,850.70 | 27,141.76 | 13,194.65 | 14,574.12 | 10,670.59 | 354,167.46 | 440,599.28 |
| MUNICIPAL | 108,819.99 | 39,367.15 | 54,844.70 | 29,585.02 | 64,338.58 | 582,192.02 | 879,147.46 |
| EDUCATION | 177,724.40 | 172,585.27 | 76,913.42 | 108,890.81 | 64,125.85 | 797,745.00 | 1,397,984.75 |
| DEPARTMENT OF HEALTH | 890,594.44 | 652,885.29 | 469,011.12 | 8,441.95 | 8,378.65 | 169,128.83 | 2,198,440.28 |
| KZN WILDLIFE | 27,439.25 | 619.67 | 708.13 | 518.41 | 675.20 | 6,141.24 | 36,101.90 |
| PARA-STATAL | 18,381.65 | 18,030.66 | 18,182.10 | 1,935.73 | 3,142.59 | 108,080.33 | 167,753.06 |
| DEPARTMENT OF WELFARE | 20,630.96 | 7,326.29 | 13,705.85 | 6,320.49 | 5,960.19 | 21,915.73 | 75,859.51 |
| OLD AGE HOMES AND ORPHANAGES | 35,226.83 | 43,357.52 | 44,342.15 | 35,756.98 | 49,619.28 | 1,371,912.98 | 1,580,215.74 |
| SPORTS CLUBS | 16,102.94 | 8,863.88 | 15,702.52 | 6,976.28 | 6,633.95 | 525,976.66 | 580,256.23 |
| DEPARTMENT OF PUBLIC WORKS | 1,138,582.62 | 178,612.86 | 108,053.93 | 52,505.23 | 39,042.09 | 357,608.04 | 1,874,404.77 |
| DEPARTMENT OF TRANSPORT | 155,858.66 | 153,382.38 | 156,214.67 | 113,282.06 | 111,559.62 | 518,693.19 | 1,208,990.58 |
| DEPARTMENT OF SOCIAL DEVELOPMENT | 53,099.30 | 12,966.06 | 23,906.07 | 3,353.13 | 243.48 | 3,603.43 | 97,171.47 |
| HOTELS | 12,367.62 | 10,902.60 | 11,017.76 | 7,623.70 | 6,735.43 | 233,848.93 | 282,496.04 |
| DEPARTMENT OTHER | 32,508.82 | 26,840.09 | 26,845.94 | 18,680.83 | 24,068.68 | 664,187.04 | 793,131.40 |
| DEPARTMENT OF AGRICULTURE | 3,275.23 | 2,215.41 | 2,623.90 | 272.36 | 354.27 | 4,732.25 | 13,473.42 |
| DEPARTMENT OF EDUCATION | 6,445.85 | 5,863.30 | 228.09 | 913.78 | 1,166.89 | 3,160.14 | 17,778.05 |
| GOVERNMENT | 0.24 | - | 18.75 | 45.68 | - | - | 64.67 |
| INDUSTRIAL | 3,615.54 | 2,553.90 | 4,384.67 | 2,252.18 | 2,740.91 | 33,148.85 | 48,696.05 |
| DEBTOR TYPES | 8,308,076.37 | 6,674,718.54 | 6,101,235.83 | 4,715,310.16 | 4,591,752.20 | 147,252,386.59 | ##### |

Appendix L: Conditional grants received: excluding MIG 2020-2021

| Description | BUDGET YEAR 2019/2020 | | | | | |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|--------------|----------------|
| | MAJOR CONDITIONS | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance % |
| Operating Transfers and Grants | | | | | | |
| Energy Efficiency and Demand Side Management Grant | To procure for equipment and energy electrification | R 7 000 000,00 | R 7 000 000,38 | R 7 000 000,00 | R 0,38 | R 0,00 |
| Expanded Public Works Programme Integrated Grant | To provide poverty and income relief through temporary work of the unemployed to carry out social useful activities | R 5 316 000,00 | R 5 316 000,00 | R 5 316 000,00 | R - | R - |
| Local Government Financial Management Grant | Internship, Budget and Treasury capacity building and preparation of aAnnual Financial Statements | R 1 000 000,00 | R 1 000 000,00 | R 1 000 000,00 | R - | R - |
| Municipal Disaster Relief Grant | To provide disaster relief equipment and material for COVID 19 | R 596 000,00 | R 596 000,00 | R 596 000,00 | R - | R - |
| Rural Road Asset Management Systems Grant | To set up rural road asset managenet systems and collect road and traffic dta in line with the road infrastructure framework | R 2 358 000,00 | R 2 358 000,00 | R 2 358 000,00 | R - | R - |
| | | R16 270 000,00 | R16 270 000,38 | R16 270 000,00 | | |

Appendix M: Capital expenditure: including MIG

M (1): Capital expenditure- new assets programme

| \PROJECT DECRPTION | EXPENDITURE 2021/221 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|------|----------------------------------------------------------------------|
| Greater Bulwer-Nkelabantwana to Nkumba water supply: Construction of 11 222mm of HDPEpipeline reticulation for Xosheyakhe to Chibini and Come and see Area | R1 016 279,71 | MIG | 10 | Completed and currently under defects liability period |
| Gala Donnybrook Water Supply | R8 593 519,01 | MIG | 6,7 | Completed and currently under defects liability period. The villages |

| | | | | |
|--|--|--|--|---------------------------------------------------|
| | | | | that have been completed are Hlabeni and Jokweni. |
|--|--|--|--|---------------------------------------------------|

M (2): Capital expenditure – upgrade/ renewal programme

| \PROJECT DECIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
|----------------------------------------------------|------------------------------|--------------------------|-------------|-------------------------------------------------------------------------|
| Greater Summerfield Water Supply | R26 808 617,68 | MIG | 20 | The project is under construction currently sitting at 88 % completion. |
| Greater Mbhulelweni Water Supply | R10 446 605,66 | MIG | 9,13 | The project is under construction currently sitting at 65 % completion. |
| \PROJECT DECIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
| Bulwer Nkelabantwana-Nkumba | R4 070 460,03 | MIG | 10,11 | The project is under construction currently sitting at 99 % completion. |
| Horseshoe Sanitation Phase 2 | R17 032 751,19 | MIG | 1, 9 | The project is under construction sitting 90 % completion |
| Accelerated Water intervention Kokstad rising main | R12 963 136,63 | MIG | 3,4 | The project is under construction sitting at 95 % |
| Greater Bulwer Donnybrook Water Supply | R13 389 620,57 | MIG | 9,10,13 | The project is under construction and sitting at 91 % completion. |
| Kwa-May-Theekloof Water Supply | R14 837 484,70 | MIG | 11 | The project is under construction and sitting at 42 % completion. |

| | | | | |
|----------------------------------------------------|------------------------------|--------------------------|-------------|------------------------------------------------------------------------------------------------|
| Khukhulela Water Supply | R9 920 401,19 | MIG | 05 | The project is under construction and sitting at 38 % completion. |
| Raising of Kempisdale Wall | R1 165 663,41 | MIG | 3 | Under designs and as such construction has not started yet. |
| Ibisi Sewer Reticulation | R11 613 164,47 | MIG | 11 | The project is under construction and sitting at 18 % completion. |
| \PROJECT DECIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
| Mnqumeni/Santombe Water Supply Phase 5 and 6 | R3 061 938,38 | MIG | 14 | The project is under designs and hence no construction has started yet |
| Ncakubana Water Supply Scheme Phase 3 | R8 115 228,96 | MIG | 01 | The project is currently under construction and sitting at 44 % completion |
| Gala Donnybrook Water Supply | R8 593 519,01 | MIG | 6,7 | Completed and currently under defects liability period. |
| Greater Nomandlovu Water Supply Phase 2 | R2 483 479,57 | MIG | 13,14 | One contract for the Bulk line is completed and now fixing the defects on the M and E contract |
| Highflats Town Bulk Water Supply Scheme | R3 600 911,65 | MIG | 13 | Under Construction and currently sitting at 29,55 % completion |
| Rectification & Upgrade of Fairview and Town Sewer | R16 337 673,55 | MIG | 04 | Under construction sitting at 66 % completion. |
| Umzimkhulu Sewer Upgrade Phase 2 (Ward 16) | R3 047 563,27 | MIG | 16 | Under designs and as such construction has not started yet. |
| Creighton Water Supply | R4 454 353,40 | MIG | 15 | Under designs and as such construction has not started yet. |

| | | | | |
|----------------------------------------------------------|------------------------------|--------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Umkhunya Water Supply Scheme (AFA) MIS 224801 | R7 947 060,80 | MIG | 05 | The contract has been mutually terminated between the Municipality and Contractor due to a land claim issue. |
| \PROJECT DECIPTION | EXPENDITURE 2020/2021 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
| Makhoba Housing Water- Eradication of GKM Backlogs (AFA) | R355 114,67 | MIG | 02 | The project has issues with the beneficiaries that cannot be identified and the Local Municipality is handling the matter of identifying the beneficiaries. The project is now on hold. |
| CoVID 19 Interventions | R78 570,00 | MIG | Various Wards | The project has been completed and closed off |
| Mqatsheni Stepmore Water Supply | R578 897,19 | MIG | 12 | The project has been completed |
| Ntwasahlobo , Netherby and Ridge Water Scheme | R598 723,06 | MIG | 12 | The project is under designs |
| Bulwer Dam Emergency | R19 811 662,75 | MIG | | The project is under construction currently sitting at 99 % completion |
| Chibini Water Supply Scheme | R162 554,50 | MIG | | The project has been completed |
| Underberg Bulk Water Supply | R2 750 000,00 | MIG | | The project has been completed |
| Universal Rural Access Sanitation in Ubuhlebezwe | R11 498 096,70 | MIG | | Under Construction sitting at 65 % completion |
| \PROJECT DECIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |

| | | | | |
|----------------------------------------------------|------------------------------|--------------------------|-------------|-------------------------------------------------------------------------|
| Greater Summerfield Water Supply | R26 808 617,68 | MIG | 20 | The project is under construction currently sitting at 88 % completion. |
| Greater Mbhulelweni Water Supply | R10 446 605,66 | MIG | 9,13 | The project is under construction currently sitting at 65 % completion. |
| \PROJECT DECIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
| Bulwer Nkelabantwana-Nkumba | R4 070 460,03 | MIG | 10,11 | The project is under construction currently sitting at 99 % completion. |
| Horseshoe Sanitation Phase 2 | R17 032 751,19 | MIG | 1, 9 | The project is under construction sitting 90 % completion |
| Accelerated Water intervention Kokstad rising main | R12 963 136,63 | MIG | 3,4 | The project is under construction sitting at 95 % |
| Greater Bulwer Donnybrook Water Supply | R13 389 620,57 | MIG | 9,10,13 | The project is under construction and sitting at 91 % completion. |
| Kwa-May-Theekloof Water Supply | R14 837 484,70 | MIG | 11 | The project is under construction and sitting at 42 % completion. |
| Khukhulela Water Supply | R9 920 401,19 | MIG | 05 | The project is under construction and sitting at 38 % completion. |
| Raising of Kempdale Wall | R1 165 663,41 | MIG | 3 | Under designs and as such construction has not started yet. |

| | | | | |
|----------------------------------------------------|------------------------------|--------------------------|-------------|--------------------------------------------------------------------------------------------------------------|
| Ibisi Sewer Reticulation | R11 613 164,47 | MIG | 11 | The project is under construction and sitting at 18 % completion. |
| \PROJECT DECIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
| Mnqumeni/Santombe Water Supply Phase 5 and 6 | R3 061 938,38 | MIG | 14 | The project is under designs and hence no construction has started yet |
| Ncakubana Water Supply Scheme Phase 3 | R8 115 228,96 | MIG | 01 | The project is currently under construction and sitting at 44 % completion |
| Gala Donnybrook Water Supply | R8 593 519,01 | MIG | 6,7 | Completed and currently under defects liability period. |
| Greater Nomandlovu Water Supply Phase 2 | R2 483 479,57 | MIG | 13,14 | One contract for the Bulk line is completed and now fixing the defects on the M and E contract |
| Highflats Town Bulk Water Supply Scheme | R3 600 911,65 | MIG | 13 | Under Construction and currently sitting at 29,55 % completion |
| Rectification & Upgrade of Fairview and Town Sewer | R16 337 673,55 | MIG | 04 | Under construction sitting at 66 % completion. |
| Umzimkhulu Sewer Upgrade Phase 2 (Ward 16) | R3 047 563,27 | MIG | 16 | Under designs and as such construction has not started yet. |
| Creighton Water Supply | R4 454 353,40 | MIG | 15 | Under designs and as such construction has not started yet. |
| Umkhunya Water Supply Scheme (AFA) MIS 224801 | R7 947 060,80 | MIG | 05 | The contract has been mutually terminated between the Municipality and Contractor due to a land claim issue. |

| \PROJECT DESCRIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
|----------------------------------------------------------|-----------------------|-------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Makhoba Housing Water- Eradication of GKM Backlogs (AFA) | R355 114,67 | MIG | 02 | The project has issues with the beneficiaries that cannot be identified and the Local Municipality is handling the matter of identifying the beneficiaries. The project is now on hold. |
| CoVID 19 Interventions | R78 570,00 | MIG | Various Wards | The project has been completed and closed off |
| Mqatsheni Stepmore Water Supply | R578 897,19 | MIG | 12 | The project has been completed |
| Ntwasahlobo, Netherby and Ridge Water Scheme | R598 723,06 | MIG | 12 | The project is under designs |
| Bulwer Dam Emergency | R19 811 662,75 | MIG | | The project is under construction currently sitting at 99 % completion |
| Chibini Water Supply Scheme | R162 554,50 | MIG | | The project has been completed |
| Underberg Bulk Water Supply | R2 750 000,00 | MIG | | The project has been completed |
| Universal Rural Access Sanitation in Ubuhlebezwe | R11 498 096,70 | MIG | | Under Construction sitting at 65 % completion |

Appendix N: Capital programme by project current year

| DESCRIPTION | ORIGINAL BUDGET | ADJUSTED BUDGET | VARIANCE | EXPENDITURE 2021/22 |
|---------------------------------------|-----------------|-----------------|------------|---------------------|
| GREATER KHILIMONI WATER SUPPLY SCHEME | | R 500 000 | -R 500 000 | R 34 863 |

| | | | | |
|------------------------------------------|--------------|--------------|---------------|--------------|
| HIGHFLATS TOWN WATER BULK PIPE LINE | R 12 084 200 | R 3 616 539 | R 8 467 661 | R 3 616 538 |
| BULWER DAM INTERVEN WATER BULK PIPE LIN | R 18 400 000 | R 9 127 587 | R 9 272 413 | R 9 047 600 |
| GREATER NOMANDLOVU WTR PHAS 2 BULK PIPE | R - | R 550 273 | -R 550 273 | R 550 273 |
| UNDERBERG BULK WTR UPGRD BULK PIPE LIN | R - | R 2 800 000 | -R 2 800 000 | R 2 409 055 |
| GREATER KOKSTAD WATER CONSERV DMD MNGT | R - | R 5 121 807 | -R 5 121 807 | R 4 541 500 |
| KOKSTAD SHAYAMOYA EXT7 WATER & SAN EMERG | R - | R 29 565 218 | -R 29 565 218 | R 29 249 757 |
| KEMPSDALE RAISING PROJECT DAMS & WEIRS | R 20 700 000 | R 5 457 621 | R 15 242 379 | R 4 943 381 |
| MNQUMENI / SANTOMBE WTR PHS 4 DAMS&WEI | R 8 050 000 | R 2 747 827 | R 5 302 173 | R 2 662 555 |
| GREATER DONNYBROOK BULWER WATER SUPPLY | R 17 595 000 | R 10 407 803 | R 7 187 197 | R 10 407 803 |
| CREIGHTON WATER SUPPLY_PIPES | R 3 450 000 | R 4 849 851 | -R 1 399 851 | R 3 873 351 |
| KHUKHULELA WATER SUPPLY_PIPES | R 6 900 000 | R 10 546 292 | -R 3 646 292 | R 8 741 157 |
| CENTOCOW WATER SUPPLY_PIPE LINE | R - | R 2 400 000 | -R 2 400 000 | R 1 794 934 |
| GALA DONNYBROOK WATER SUPPLY_PIPES | R 3 450 000 | R 3 601 456 | -R 151 456 | R 3 343 626 |
| MAKHOBA HOUSING WATER ERADICATION PIPES | R 2 300 000 | R 654 795 | R 1 645 205 | R 308 795 |
| GREATER MBULULWENI WT SUPPLY_PIPE LINE | R 9 200 000 | R 3 995 537 | R 5 204 463 | R 3 346 470 |

| | | | | |
|---------------------------------------------|----------------------------|----------------------------|-----------------|--------------------------------|
| MQATSHENI STEPMORE WATER_PIPE LINE | R - | R 11 000 | -R 11 000 | R 11 000 |
| GREATER SUMMERFIELD WTR SUPPLY PIPE LIN | R 8 050 000 | R 14 095 653 | -R 6 045 653 | R 13 386 938 |
| KWAMAY-THEEKLOOF WATER S_PIPE LINE | R 12 650 000 | R 11 311 832 | R 1 338 168 | R 11 120 774 |
| CHIBINI WATER (AFA) MIS 230487_PIPES | R 575 000 | R 141 352 | R 433 648 | R 141 352 |
| DESCRIPTION | ORIGINAL BUDGET | ADJUSTED BUDGET | VARIANCE | EXPENDITURE 2021/22 |
| NCAKUBANA SCHEME (PHASE 2&3) PIPE LINE | R 8 050 000 | R 6 536 957 | R 1 513 043 | R 6 319 164 |
| GREATER SUMMERFIELD SUPPL PUMP STATION | R 9 200 000 | R 6 596 329 | R 2 603 671 | R 5 896 329 |
| UMKHUNYA (AFA) MIS 224801 WTR TRTMNT PL | R 575 000 | R 4 897 960 | -R 4 322 960 | R 4 759 221 |
| WTR INTERVEN PRGRMM (NCW RI) PUMP STATIN | R 11 500 000 | R 13 673 020 | -R 2 173 020 | R 13 320 944 |
| GALA DONNYBROOK WATER SUPPLY_RESEVOIR | R 8 050 000 | R 3 315 136 | R 4 734 864 | R 3 315 136 |
| GREATER MBULULWENI WATR TREATMENT PLNT | R 8 050 000 | R 3 686 957 | R 4 363 043 | R 3 640 651 |
| HORSESHOE SANITATION PROJECT PUMP STATIO | R 23 000 000 | R 11 603 531 | R 11 396 469 | R 10 557 161 |
| IBISI HOUSING RETICULATIO_SEWER PIPES | R 5 750 000 | R 4 786 957 | R 963 043 | R 4 389 373 |
| IBISI HOUSING SEWER RETICUL PUMP STATION | R 5 750 000 | R 2 813 523 | R 2 936 477 | R 2 538 192 |
| UMZIMKHULU UPGRADE PHASE 2 SEWER PIPES | R 9 200 000 | R 5 950 056 | R 3 249 944 | R 5 513 913 |

| | | | | |
|-----------------------------------------|-------------|--------------|--------------|--------------|
| KOKSTAD SEWERS | R - | R 172 500 | -R 500 172 | R - |
| RECTIF & UPGRD OF FAIRVW & IXOPO SEWER | R 8 050 000 | R 13 158 417 | -R 417 5 108 | R 13 036 714 |
| RECTIF & UPGRD OF FAIRVW & IXOPO PUMP S | R 5 750 000 | R 2 117 796 | R 204 3 632 | R 1 914 162 |
| UNIVERSAL SANITATION NIX_TOILET FACIL | R 6 727 500 | R 16 195 375 | -R 875 9 467 | R 16 195 375 |

Appendix O: Capital programme by project by ward current year

| PROJECT DESCRIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
|----------------------------------------------------|-----------------------|-------------------|-------|-------------------------------------------------------------------------|
| Greater Summerfield Water Supply | R26 808 617,68 | MIG | 20 | The project is under construction currently sitting at 88 % completion. |
| Greater Mbhulelweni Water Supply | R10 446 605,66 | MIG | 9,13 | The project is under construction currently sitting at 65 % completion. |
| Bulwer Nkelabantwana-Nkumba | R4 070 460,03 | MIG | 10,11 | The project is under construction currently sitting at 99 % completion. |
| Horseshoe Sanitation Phase 2 | R17 032 751,19 | MIG | 1, 9 | The project is under construction sitting 90 % completion |
| Accelerated Water intervention Kokstad rising main | R12 963 136,63 | MIG | 3,4 | The project is under construction sitting at 95 % |

| | | | | |
|----------------------------------------------|------------------------------|--------------------------|-------------|------------------------------------------------------------------------------------------------|
| Greater Bulwer Donnybrook Water Supply | R13 389 620,57 | MIG | 9,10,13 | The project is under construction and sitting at 91 % completion. |
| Kwa-May-Theekloof Water Supply | R14 837 484,70 | MIG | 11 | The project is under construction and sitting at 42 % completion. |
| PROJECT DECIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
| Khukhulela Water Supply | R9 920 401,19 | MIG | 05 | The project is under construction and sitting at 38 % completion. |
| Raising of Kempdsdale Wall | R1 165 663,41 | MIG | 3 | Under designs and as such construction has not started yet. |
| Ibisi Sewer Reticulation | R11 613 164,47 | MIG | 11 | The project is under construction and sitting at 18 % completion. |
| Mnqumeni/Santombe Water Supply Phase 5 and 6 | R3 061 938,38 | MIG | 14 | The project is under designs and hence no construction has started yet |
| Ncakubana Water Supply Scheme Phase 3 | R8 115 228,96 | MIG | 01 | The project is currently under construction and sitting at 44 % completion |
| Gala Donnybrook Water Supply | R8 593 519,01 | MIG | 6,7 | Completed and currently under defects liability period. |
| Greater Nomandlovu Water Supply Phase 2 | R2 483 479,57 | MIG | 13,14 | One contract for the Bulk line is completed and now fixing the defects on the M and E contract |
| Highflats Town Bulk Water Supply Scheme | R3 600 911,65 | MIG | 13 | Under Construction and currently sitting at 29,55 % completion |

| | | | | |
|----------------------------------------------------------|------------------------------|--------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rectification & Upgrade of Fairview and Town Sewer | R16 337 673,55 | MIG | 04 | Under construction sitting at 66 % completion. |
| PROJECT DESCRIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
| Umzimkhulu Sewer Upgrade Phase 2 (Ward 16) | R3 047 563,27 | MIG | 16 | Under designs and as such construction has not started yet. |
| Creighton Water Supply | R4 454 353,40 | MIG | 15 | Under designs and as such construction has not started yet. |
| Umkhunya Water Supply Scheme (AFA) MIS 224801 | R7 947 060,80 | MIG | 05 | The contract has been mutually terminated between the Municipality and Contractor due to a land claim issue. |
| Makhoba Housing Water- Eradication of GKM Backlogs (AFA) | R355 114,67 | MIG | 02 | The project has issues with the beneficiaries that cannot be identified and the Local Municipality is handling the matter of identifying the beneficiaries. The project is now on hold. |
| CoVID 19 Interventions | R78 570,00 | MIG | Various Wards | The project has been completed and closed off |
| Mqatsheni Stepmore Water Supply | R578 897,19 | MIG | 12 | The project has been completed |
| Ntwasahlobo , Netherby and Ridge Water Scheme | R598 723,06 | MIG | 12 | The project is under designs |

| PROJECT DESCRIPTION | EXPENDITURE 2021/2022 | SOURCE OF FUNDING | WARD | PROGRESS TO DATE |
|--------------------------------------------------|-----------------------|-------------------|------|------------------------------------------------------------------------|
| Bulwer Dam Emergency | R19 811 662,75 | MIG | | The project is under construction currently sitting at 99 % completion |
| Chibini Water Supply Scheme | R162 554,50 | MIG | | The project has been completed |
| Underberg Bulk Water Supply | R2 750 000,00 | MIG | | The project has been completed |
| Universal Rural Access Sanitation in Ubuhlebezwe | R11 498 096,70 | MIG | | Under Construction sitting at 65 % completion |

Appendix P: Service connection backlog at schools and clinics

Not the District Municipality function

Appendix Q: Service backlog experienced by community where another sphere of government is responsible for service provision.

| Description | | | Budget Year 2019/20 | | | |
|------------------------------------|----------------------------------------------------------------------------|-----------------|---------------------|-------------|--------------|----------------|
| R (000) | Major Conditions | Adjusted Budget | Year Actual | Year Budget | YTD Variance | TYD Variance % |
| Rural Roads Asset Management Grant | To set up rural road assets management system and collect road and traffic | 2 245 | 2 245 | 2 245 | - | 100% |

| | | | | | | |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------|-------|-------|-------|---|------|
| | data in line with the road infrastructure strategic framework | | | | | |
| Expanded Public Works Programme | Provide poverty and income relief through temporally work of the unemployed to carry out social useful activities | 5 195 | 5 195 | 5 195 | - | 100% |

Appendix P: Service connection backlog at schools and clinics

N/A

Appendix Q: Service backlog experienced by community where another sphere of government is responsible for service provision.

Information can be sourced from various government nerve centres.

Appendix R: Declaration of loans and grants made by the municipality

There are no loans made by the Municipalities to any organizations, institutions or person. The only grants made by the Municipality in the reporting period under review relate to a grants paid to the Harry Gwala Development Agency for the funding of the projects listed below. This grants were initially received by the Municipality from the Corporative Governance & Traditional Affairs Department.

Appendix S: Declaration of returns made not made in due time under section 71 of the MFMA

No longer applicable

Appendix T: National and Provincial outcome for local government

None

Appendix U: Auditor General's Action Plan

Auditor-General of South Africa

Harry Gwala District Municipality

[Document subtitle]

Not for publishing

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Harry Gwala District Municipality

Chapter 2 Report on the audit of the financial statements

Chapter 3 Qualified opinion

1. I have audited the financial statements of the Harry Gwala District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, 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.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Harry Gwala District Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No. 9 of 2021) (Dora).

Basis for qualified opinion

Chapter 4 Contracted services- Outsourced business and advisory

3. I was unable to obtain sufficient appropriate audit evidence that payments made for outsourced business and advisory services included in contracted services were received, as internal controls were not adequate to confirm receipt of these services. I was unable to confirm outsourced business and advisory services expenditure included in contracted services by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to outsourced business and advisory services included in contracted services stated at R35,15 million in note 23 to the financial statements.

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
5. 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Chapter 5 Emphasis of matters

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

Chapter 6 Material impairments – consumer debtors

8. As disclosed in note 6 to the financial statements, the municipality recognised a provision for impairment of R212,01 million (2020-2021: R204,32 million) as the recoverability of these debts was doubtful.

Chapter 7 Material losses – water

9. As disclosed in note 44 to the financial statements, the municipality incurred water distribution losses of R7,99 million (2020-2021: R6,56 million), which represents 30,6% (2020-2021: 28,3%) of total water purchased. These losses were due to the high increase in water carting due to drought, illegal connections, ageing infrastructure and water supplied to informal settlements but not billed.

Chapter 8 Other matter

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

Chapter 9 Unaudited disclosure note

11. 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 requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on them.

Chapter 10 Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. 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.

Chapter 11 Auditor-general's responsibilities for the audit of the financial statements

14. 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Chapter 12 Report on the audit of the annual performance report

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the *basic service delivery key performance area* presented on pages xx to xx of the municipality's annual performance report for the year ended 30 June 2022:
19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings on the usefulness and reliability of the performance information for the selected key performance area are as follows:

Chapter 13 Number of jobs created through capital projects

21. The source information and method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the

predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievement of 56 reported against the target of 55 in the annual performance report.

Chapter 14 Percentage of households with access to basic sanitation for the first time (788H)

22. The source information and method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievement of 101,27% reported against the target of 100% in the annual performance report.

Chapter 15 Other matter

23. I draw attention to the matter below.

Chapter 16 Achievement of planned targets

24. The annual performance report on pages ... to ... sets out information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 21 to 22 of this report.

Chapter 17 Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the *basic service delivery key performance area*. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Chapter 18 Report on the audit of compliance with legislation

Chapter 19 Introduction and scope

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

Chapter 20 Financial statements

28. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of expenditure and payables identified by the auditors in the submitted financial statements were subsequently corrected, but the supporting documents that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Chapter 21 Strategic planning and performance management

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

Chapter 22 Procurement and contract management

30. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management (SCM) regulation 19(a).
31. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of the Preferential Procurement Policy Framework Act 5 of 2000 and 2017 preferential procurement regulation 11 (PPR).

32. Invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by PPR 8(2).
33. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Chapter 23 Expenditure management

34. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
35. Reasonable steps were not taken to prevent irregular expenditure amounting to R326,73 million as disclosed in note 43 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by competitive bidding process not followed.

Chapter 24 Other information

36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the key performance area presented in the annual performance report that has been specifically reported in this auditor's report.
37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.
39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Chapter 25 Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
41. Monitoring of financial information, performance information and compliance with key legislation, was not effective to ensure that the objectives of transparent, credible and reliable reporting were achieved.
42. Management did not adequately maintain and independently review underlying schedules and invoices supporting contracted services, property, plant and equipment and did not perform regular reconciliations over performance information ensuring that all indicators had reliable schedules. In addition, management did not take adequate steps implement compliance processes by instilling discipline in the institutionalisation of policies and procedures as well as strict monitoring of compliance with legislation relating to procurement and contract management.
43. The municipality's risk assessment was considered to be adequate, however it did not pro-actively manage risks relating to inaccurate and incomplete financial and performance reporting and the failure to comply with key legislation.

Chapter 26 Material irregularities

44. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Chapter 27 Material irregularity identified during the audit

45. The material irregularity identified is as follows:

Chapter 28 Payments made to contractor for project standing costs

46. The municipality entered into contract HGDM522/HGDM/2016 with SSR Security, trading as Mahlubi Transport and Plant Hire for the construction of the Gala Bulk pipeline from Sappi's-Ngudwii Dam to J8 (Emnywaneni off-take Greater Bulwer-Donnybrook Water Supply). This construction contract was dependent on contract HGDM 533/HGDM/2017 entered into with NRB Piping Systems (Pty) Ltd. The delivery of the pipes by NRB Piping Systems was significantly delayed which resulted in delays on the construction process for Mahlubi Transport and Plant Hire and a subsequent claim for standing time by Mahlubi Transport and Plant Hire against the municipality.
47. The municipality did not comply with section 116(2)(a) of the MFMA which states that: "The accounting officer of a municipality or municipal entity must take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced".
48. The non-compliance resulted in a material financial loss for the municipality of R8 090 292 as a result of the standing time claimed and paid to Mahlubi Transport and Plant Hire due to delays in construction caused by delays in the contract with NRB Piping Systems.
49. The accounting officer was notified of the material irregularity on 15 February 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter.
50. The following actions have been taken to resolve the material irregularity
 - The former accounting officer had planned that the municipality will institute the recovery of the standing costs from NRB Piping Systems. The municipality sourced the services of an independent investigator to conduct an investigation concerning whether the amount of R8 090 292 paid to Mahlubi Transport Plant Hire warranted to fruitless and wasteful expenditure for standing time. The outcome of the investigation confirmed the matter above. Municipal Public Accounts Committee (MPAC) recommended that further investigation be conducted ensuring that, a clear report detailing the roles and sets out clearly exactly what roles of everyone involved were, who was supposed to have done what and never did and recommendations thereto.
 - The municipality instituted disciplinary action against the officials that were responsible for project management for Bulwer-Donnybrook Water Supply Scheme project.

- A clear liability clause for non-compliance will be incorporated into the specification of the service-level agreements.
- The municipality will reconsider how its construction projects are structured.
- Training and further training should be provided to the contract and project management team of the municipality.
- Training by and with the Risk Management unit for project and contract management has been conducted.

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

Chapter 29 Other reports

52. In addition to the investigations relating to material irregularities, I draw attention to the following engagement conducted which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

53. The municipality is investigating claims submitted and payments made for consulting services on asset management under tender number: HGDM/625/ HGDM/ 2019. The investigation was still in progress at the date of this report.

Pietermaritzburg

30 November 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Not for publishing

Annexure – Auditor-general’s responsibility for the audit

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

Chapter 30 Financial statements

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

identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

conclude on the appropriateness of the accounting officer’s 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 Harry Gwala District Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Chapter 31 Communication with those charged with governance

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

HARRY GWALA DISTRICT MUNICIPALITY
AUDITOR GENERAL'S DRAFT ACTION PLAN
AUDIT REPORT 2021/2022

MISSTATEMENTS

| NO | Finding | Action To Resolve Query | Person Responsible | Target Date | Progress Made | Evidence | Reasons not done | Internal Audit Comment |
|-----------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------|----------------------|-----------------------|-------------------------|-------------------------------|
| 1. | Payments not adequately supported (Basis for Qualification) | Develop and implement the expenditure checklist to ensure that all invoices submitted by suppliers are supported by the evidence of the work done | CFO | 31 January 2023 | | Expenditure Checklist | | |

| | | | | | | | | |
|----|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--|-----------------------------------------------------|--|--|
| | | Develop and implement the source document requirements checklist for Bulk purchases, Contracted services, Debt Impairment Depreciation and amortization Employee related costs Finance costs, Inventory Consumed, Operational costs, Employee Related Costs, Remuneration of councilors and Transfer payments | CFO | 31 January 2023 | | Source documents requirements for all payment types | | |
| | | Investigate all the payments made for Business and Advisory services included in the contracted services whether services were received or not. | Accounting Officer | 30 March 2023 | | Investigation Report | | |
| 2. | Material impairments and losses – Consumer debtors. | Make budget appropriation for smart meters. | CFO | 31 May 2023 | | Approved budget | | |

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| | | Monitor the progress made by the appointed service provider for debt collection | CFO | Monthly | | Collection reports from the debt collector | | |
| | | Write off outstanding debt of qualifying indigent consumers and deceased. | CFO | 31 May 2023 | | Report on indigent and deceased consumer write offs | | |
| | | Update consumer information on the system with the latest data from the collection team (Emails, Cell numbers etc.) | CFO | 31 May 2023 and Ongoing | | Full Age analysis with the latest consumer information | | |
| | | Disconnect water supply to defaulting debtors after the issue of a final demand letter if the consumer has not paid or arranged to pay with municipality's credit control section | CFO | Monthly | | Job Cards | | |

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| | | Quarterly engagements with defaulting government departments with the aim of reminding them of outstanding debt and reconciling the accounts. | CFO | Quarterly | | Government Age analysis Receipts Analysis Attendance Registers | | |
| | | Develop and implement Public Education and customer care programme to encourage customers to pay for services | CFO ED: Social Services | 31 March 2023 | | Public Education and customer care programme | | |
| 3. | Material losses – Water | Bulk meter installation programme to address the water losses measurement. Strengthen the war on leaks programme | ED: Water Services ED: Water Services | 31 May 2023 31 May 2023 and ongoing | | Job cards Leaks Programme plan and Reports | | |
| 4 | The financial statements submitted for auditing were not prepared in all material respects | Strictly implement the AFS preparation checklist. Timeous review of the AFS by the internal audit | CFO Internal Audit | 30 June 2023 31 July 2023 | | | | |

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| | in accordance with the requirements of section 122(1) of the MFMA. | Timeous review of the AFS by the audit committee | Audit committee | 15 August 2023 | | | | |
| PROCUREMENT, CONTRACT AND EXPENDITURE MANAGEMENT | | | | | | | | |
| 5 | Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). | The SCM Policy will be amended to incorporate the evaluation and awarding criteria for the selection of service providers participating in the panel of service providers. | CFO | 31 January 2022 | | Amended SCM Policy and Council Resolution | | |
| 6 | Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy | The SCM policy will be reviewed to include a process for the evaluation and management of panel procurement to ensure that SCM processes are fair, transparent, competitive, and cost-effective. | CFO | 31 January 2022 | | | | |

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| | Framework Act and 2017 Preferential Procurement Regulations 11 | | | | | | | |
| 7 | <p>Invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).</p> | <p>Management will ensure invitations to bid for the awards comply with the requirements of the PPR.</p> <p>Bid Committee (BSC, BEC, BAC) checklists will be created. It will include all SCM/tender compliance requirements.</p> | <p>CFO</p> <p>CFO</p> | <p>31 January 2023</p> <p>31 January 2023</p> | | <p>Bid Invite</p> <p>BSC, BEC and BAC Checklists</p> | | |
| 8 | <p>Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose</p> | <p>The accounting officer will investigate the employees identified and consider corrective actions through implementation of disciplinary measures for any non-disclosure of the identified interest.</p> | <p>Accounting Officer</p> | <p>30 March 2023</p> | | <p>Investigation Report</p> | | |

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| | such interest, in contravention of SCM regulation 46(2)(e) | The accounting officer will investigate awards to these suppliers for any possible fraud and implement the necessary remedial measures such as recovering the funds spent, instituting disciplinary proceedings against those liable for such actions and also possible criminal prosecution as may be appropriate in accordance with legislation. | | | | | |
| 9 | Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA. | <p>Invoice register will be reviewed and monitored regularly to facilitate the process of identifying invoices which are long outstanding.</p> <p>Where creditors cannot be paid within 30 days the reasons will be documented on the payment voucher together with the relevant documentation to support the reasons provided.</p> | CFO | Monthly | | Invoice register | |
| | | | CFO | Monthly | | Invoice register with reasons for not paying within 30 days. | |

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|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| 10 | <p>Reasonable steps were not taken to prevent irregular expenditure amounting to R326,73 million as disclosed in note 43 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by competitive bidding not followed.</p> | <p>All municipal contractors and suppliers that attend to water services complaints must be invited through a procurement process as outlined in the SCM Policy.</p> <p>Ensure that all suppliers doing the business with the municipality have valid SLA or contract.</p> <p>The progress on the implementation of the action plan to be tabled to MANCO, Council and APAC</p> <p>Contractors and Consultants invoices must be validated to ensure that the corrected final invoices are submitted to finance for payment, any invoices that have not been validated and corrected should not be paid until the disputes</p> | <p>Accounting Officer</p> <p>Relevant Executive Director & SCM Director</p> <p>Senior Manager: Internal Auditor</p> <p>Relevant: ED</p> <p>SM: SCM</p> <p>SM: Expenditure</p> | <p>Ongoing</p> <p>Quarterly</p> <p>Quarterly</p> <p>31 January and Ongoing</p> <p>31 January and Ongoing</p> <p>31 January 2023 and Ongoing</p> | | <p>Bid Committee Reports/Audit Reports</p> <p>Contract Management Report</p> <p>Internal Audit Report</p> <p>Confirmation of received goods/services letter, signed Payment Certificate</p> <p>Signed SCM Checklist</p> | | |
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| | | <p>are settled with the consultants/suppliers.</p> <p>Bid Committees to be trained on new SCM prescripts</p> | SM: SCM | 28 February 2023 | | <p>Signed Expenditure Checklist</p> <p>Workshop invite and Attendance Register</p> | | |
| 11 | <p>Material irregularity: Payments made to the contractor for project standing time</p> | <p>Municipal Public Accounts Committee (MPAC) recommended that further investigation be conducted ensuring that, a clear report detailing the roles and sets out clearly exactly what roles of everyone involved were, who was supposed to have done what and never did and recommendations thereto.</p> <p>The municipality instituted disciplinary action against the officials that were responsible for project management for Bulwer-Donnybrook Water Supply Scheme project.</p> | Accounting Officer | 28 February 2023 | | <p>Investigation Report</p> | | |

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| | | <p>A clear liability clause for non-compliance will be incorporated into the specification of the service-level agreements.</p> <p>The municipality will reconsider how its construction projects are structured.</p> <p>Training and further training should be provided to the contract and project management team of the municipality.</p> | <p>Accounting Officer</p> <p>SM: SCM and</p> <p>Director: Legal Services</p> <p>ED: Water and Infrastructure</p> <p>ED: Corporate Services (HR)</p> | | | | | |
|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|

PERFORMANCE AUDIT

| NO | Finding | Action To Resolve Query | Person Responsible | Target Date | Progress Made | Evidence | Reasons not done | Internal Audit Comment |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|---------------------------|--------------------|-----------------------------------------|-----------------------|-------------------------|-------------------------------|
| 12 | The source information and method of calculation for achieving the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and | Develop the TIDs as well as the Business Process | All HODs | 31 March 2023 | Currently working on revising the SDBIP | TIDs Business Process | In progress | |

| | | | | | | | | |
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| reliable reporting of performance against the predetermined indicators definitions. | | | | | | | | |
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Not for publishing

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|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------|----------------------|------------------------------------------------|------------------------------|--------------------|--|
| 13 | <p>The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).</p> | <p>Develop the TIDs as well as the Business Process</p> | <p>All HODs</p> | <p>31 March 2023</p> | <p>Currently working on revising the SDBIP</p> | <p>TIDs Business Process</p> | <p>In progress</p> | |
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Not for publishing

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|---------------------------------------------------------------------------------------------------------|-------|---------------------------------------------------|
| Appendix V: Assessment by the accounting officer on any arrears on municipal taxes and service charges. | 35823 | KRN INVESTMENTS CC T/A DUZI VALVES |
| | 35824 | MANAGED INTEGRITY EVALUATION (P MIE PTY |
| Cheque Payee | 35825 | AYANDA MBANGA COMMUNICATIONS PT |
| UNIVERSITY OF KWAZULU NATAL[SAMKELISIWE HLOPHE] | 35826 | AYANDA MBANGA COMMUNICATIONS PT |
| 0 AYANDA MBANGA COMMUNICATIONS PTY LTD | 35827 | AYANDA MBANGA COMMUNICATIONS PT |
| BUSINESS CONNEXION | 35828 | VK DISTRIBUTORS |
| NOSA (PTY) LTD | 35829 | AYANDA MBANGA COMMUNICATIONS PT |
| RURAL METRO EMERGENCY MANAGEMENT SERVICES(PTY)LTD | 35830 | POST OFFICE |
| SHIYAKAZI CONSTRUCTION AND RELATED SERVICES (PTY) | 35879 | AYANDA MBANGA COMMUNICATIONS PT |
| STEINER HYGIENE | 35926 | RURAL 21,905,780 EMERGENCY MA SERVICES(PTY)LTD |
| SPECIAL INVESTIGATIONS UNIT | 35814 | ESKOM2,400,000.00 |
| 35815 ION CONSULTING (PTY) LTD | 35832 | WETSPIC, 308.85 |
| 35816 BANTUBANYE INVESTMENTS CC T/A BANTUBANYE SKILLS | 35833 | AFRIENT, 250,000 |
| 35817 SHIYAKAZI CONSTRUCTION AND RELATED SERVICES (PTY) | 35835 | TELKOM3,000,000 OFFICE |
| 35818 SHIYAKAZI CONSTRUCTION AND RELATED SERVICES (PTY) | 35836 | DR NKOSAZANA DLAMINI ZUMA MUNICIPAL |
| 35819 SHIYAKAZI CONSTRUCTION AND RELATED SERVICES (PTY) | 35837 | MNDENZ, 800,190 |
| 35820 EZAMANONI CATERING AND CONSTRUCTION (PTY) LTD | 35838 | LUSIKISK, 1,000 COMMERCIAL PROPERTIES C |
| 35821 MILISA INCORPORATED | 35839 | MDLEDZE, 116.00 |
| 35822 BLUECYCLE TRADING SERVICES CC | | |

179,400.00

| | | | |
|-------|----------------------------------------|-------------|-----------------------------------------|
| 35840 | A COKOTO | 35918 | ISUZU MOTORS SOUTH AFRICA |
| 35841 | MATHESHANE PLUMBING | 35921 | VK DISTRIBUTORS |
| 35843 | GREATER KOKSTAD MUNICIPALITY | 35940 | NATIONAL HEALTH LABORATORY SERVICE |
| 35844 | WETSPEC CC | 35944 | THE SOUTH AFRICAN COLLEGE OF PSYCHOLOGY |
| 35845 | CHA LUKE TRADING (PTY)LTD | Grand Total | |
| 35846 | IMPANDE ENGINEERS AND PROJECT MANAGERS | | 390,824.91 |
| 35847 | TELKOM GROUP FINANCE | | 200,853.60 |
| 35848 | SPEED SERVICES | | 1,061.15 |
| 35860 | UMGENI WATER BULK | | 704,750.53 |
| 35863 | ESKOM | | 447,889.95 |
| 35865 | UMGENI WATER BULK | | 1,346,529.50 |
| 35880 | ESKOM | | 392,160.25 |
| 35899 | HTB CONSULTING CC | | 306,168.00 |
| 35911 | BUSINESS CONNEXION | | 179,158.76 |
| | | | |
| 35912 | GREATER KOKSTAD MUNICIPALITY | | 10,949.54 |
| 35913 | TRAVEL WITH FLAIR (PTY)LTD | | 108,828.54 |
| 35914 | TRAVEL WITH FLAIR (PTY)LTD | | 67,843.40 |

| Cheque | Payee |
|--------|-------------------------------------|
| | UNIVERSITY OF KWAZULU NATAL[SAMKE |
| 0 | AYANDA MBANGA COMMUNICATIONS P |
| | BUSINESS CONNEXION |
| | NOSA (PTY) LTD |
| | RURAL METRO EMERGENCY MANAGEME |
| | SHIYAKAZI CONSTRUCTION AND RELATEI |
| | STEINER HYGIENE |
| | SPECIAL INVESTIGATIONS UNIT |
| 35815 | ION CONSULTING (PTY) LTD |
| 35816 | BANTUBANYE INVESTMENTS CC T/A BAN |
| 35817 | SHIYAKAZI CONSTRUCTION AND RELATEI |
| 35818 | SHIYAKAZI CONSTRUCTION AND RELATEI |
| 35819 | SHIYAKAZI CONSTRUCTION AND RELATEI |
| 35820 | EZAMANONI CATERING AND CONSTRUCT |
| 35821 | MILISA INCORPORATED |
| 35822 | BLUECYCLE TRADING SERVICES CC |
| 35823 | KRN INVESTMENTS CC T/A DUZI VALVES |
| 35824 | MANAGED INTEGRITY EVALUATION (PTY |
| 35825 | AYANDA MBANGA COMMUNICATIONS P |
| 35826 | AYANDA MBANGA COMMUNICATIONS P |
| 35827 | AYANDA MBANGA COMMUNICATIONS P |
| 35828 | VK DISTRIBUTORS |
| 35829 | AYANDA MBANGA COMMUNICATIONS P |
| 35830 | POST OFFICE |
| 35879 | AYANDA MBANGA COMMUNICATIONS P |
| 35926 | RURAL METRO EMERGENCY MANAGEME |
| 35814 | ESKOM |
| 35832 | WETSPEC CC |
| 35833 | AFRIRENT PTY LTD |
| 35835 | TELKOM MAIN OFFICE |
| 35836 | DR NKOSAZANA DLAMINI ZUMA MUNICI |
| 35837 | MNDENI SIBISI |
| 35838 | LUSIKISIKI COMMERCIAL PROPERTIES CC |
| 35839 | MDLEDLE INC |
| 35840 | A COKOTO |
| 35841 | MATHESHANE PLUMBING |
| 35843 | GREATER KOKSTAD MUNICIPALITY |
| 35844 | WETSPEC CC |
| 35845 | CHA LUKE TRADING (PTY)LTD |
| 35846 | IMPANDE ENGINEERS AND POROJECT M/ |
| 35847 | TELKOM GROUP FINANCE |
| 35848 | SPEED SERVICES |
| 35860 | UMGENI WATER BULK |
| 35863 | ESKOM |
| 35865 | UMGENI WATER BULK |
| 35880 | ESKOM |
| 35899 | HTB CONSULTING CC |
| 35911 | BUSINESS CONNEXION |
| 35912 | GREATER KOKSTAD MUNICIPALITY |
| 35913 | TRAVEL WITH FLAIR (PTY)LTD |
| 35914 | TRAVEL WITH FLAIR (PTY)LTD |
| 35918 | ISUZU MOTORS SOUTH AFRICA |
| 35921 | VK DISTRIBUTORS |
| 35940 | NATIONAL HEALTH LABORATORY SERVIC |

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