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A Better Place for All

# **DR NKOSAZANA DLAMINI ZUMA LOCAL MUNICIPALITY**

## **2019/20 ANNUAL REPORT**

*This Annual Performance Report is drafted in terms of Section 46 of the Municipal Systems Act, 32 of 2000. The Annual Performance Report 2019/20 is based reported and assessed performance information as per the approved Framework on Performance Management for the Dr Nkosazana Dlamini Zuma Local Municipality. The report is subject to change during and after the internal audit process, finalisation of the Annual Financial Statements for 2019/20, as well as the audit from the Auditor-General (AG) of South Africa.*

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## GLOSSARY OF TERMS AND ABBREVIATIONS

<b>Accountability documents</b>	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.
<b>Activities</b>	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”.
<b>Annual Report</b>	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.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>DR NDZ LM</b>	Dr Nkosazana Dlamini- Zuma Local Municipality
<b>AR</b>	Annual Report
<b>Baseline</b>	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.
<b>Basic municipal service</b>	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.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>DBSA</b>	Development Bank of Southern Africa
<b>DoT</b>	Department of Transport
<b>Cogta</b>	Department of Cooperative Governance and Traditional Affairs
<b>EXCO</b>	Executive Committee
<b>F/Y</b>	Financial Year
<b>Financial Statements</b>	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.

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

Table 1: Glossary



## CHAPTER 1

### 1.1 MAYOR'S FOREWORD

The Dr Nkosazana Dlamini Zuma Local Municipality has made great strides in cementing itself as a municipality that is working with its people in the promotion of good governance. The municipality continues to receive various honours, even under trying conditions of the Corona-virus pandemic trying to meet the service delivery needs of our people whilst at the same time improving on the service standards we have already established. We are pleased that we have been recognized by such awards for achieving best Level 2 Accredited municipality in the province from the Public Works Department on compliance issues in implementing the Extended Public Works programme during 2019/20 financial year and in the previous year 2018/19 the municipality was awarded a first position on MIG expenditure in the province.

The municipality continues to ensure that public participation remains an important pillar in shaping the strategic goals as contained in the Integrated Development Plan, which seek to promote better and safer communities as we endeavour to combat the triple challenge of poverty, unemployment and inequality. The budget is driven by a transparent process that affords the people the opportunity to voice out their concerns and assist the municipality in fulfilling its developmental agenda. The municipality continues to drive rural development as part of its economic development objectives and engages with traditional leaders on improving land use management to assist rural areas.

The municipality has continued to hold izimbizo sessions with members of the community twice a year. The sessions afford Council opportunity to engage directly with the public on issues of service delivery, including the development of the budget. In addition, sectoral meetings with formations representing the youth, women, the elderly and the disabled are held in the course of doing the business of the municipality. In view of the interdependence of all spheres of government, we continue to participate in various platforms to promote Inter-Governmental relations at national, provincial and district levels. The ward committee system is fully functional, although our reporting system still needs refinement to address shortcomings. This process is driven by our belief in promoting Batho Pele principles, which has seen us making improvements in the Customer Care Charter, as well as adopting a Batho Pele policy.

The municipality continues to improve its Anti-Fraud and Corruption strategies, which we believe will protect the interests of Council against fraud and corruption by its staff, councillors, stakeholders, agents and service providers. Members of the public are encouraged to use the municipality's office number and our social media platforms to report instances of fraud and misuse of municipal vehicles. The municipality is working on having its own independent fraud hotline in the near future.

In line with our strategic objective to position the municipality as a tourist destination of choice, the municipality continues to promote events aimed at attracting tourists throughout the year. Our Duzi to Sani, the Aloe Festival, the Bongumusa Marathon and the Splashy Fen are a case in point. We are mindful though that we have not been able to meet all of our objectives in the year under review, and an action plan is being developed to deal effectively with those issues which continue to hinder our progress of 100% efficiency, especially in relation to achieving our service delivery targets.

Together we have done much to improve the material conditions of the majority of people living within our jurisdiction, but a lot still needs to be done. I would like to thank the political leadership for their commitment. We also enjoy a healthy relationship of mutual respect with our administrative management for Dr Nkosazana Dlamini Zuma Local Municipality 2019/20 Annual Report which we are grateful. Again, together we will continue to work tirelessly in improving the performance of the municipality and service delivery to the community that we serve.

Cllr PN Mncwabe

Mayor: Dr Nkosazana Dlamini Zuma Local Municipality

## 1.2. MUNICIPAL MANAGER'S FOREWORD

As the Accounting Officer of the Municipality, I confirm that this 2019/20 Annual Report has been compiled in line with the Local Government: Municipal Systems Act 32 of 2000. The report records the performance and progress achieved by Dr Nkosazana Dlamini Zuma Local Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP), Organizational Scorecard/ Final Revised Service Delivery Budget Implementation Plans (SDBIP) as approved by Council on 15 June 2020 for the 2019/20 financial year. It also includes corrective action to be taken for targets not achieved.

2019/20 marks the third year that the 4<sup>th</sup> Generation Integrated Development Plan (IDP) was implemented. The main focus of the 4<sup>th</sup> Generation Integrated Development Plan (IDP) was on financial stability and maintaining service standards under very trying times. The municipality operated with a full-complement of employees in top management, and like most municipalities across the county – continues its efforts towards financial discipline and stability.

Our financial situation is stable, and we have since established a number of Committees which are aimed at intensifying service delivery and ensuring good-governance to monitor financial expenditure and implementation of capital projects. We are also working around the clock to review the unfortunate position that the organisation has found itself in due to the delays on the implementation of critical projects due to the national lockdown after the outbreak of covid- 19. We have amended some of our budget related policies so as to ensure it yields positive results in as far as the revenue collection is concerned. The payment factor has unfortunately declined from 83% last year to 69% this year, and remain a concern that requires the attention of all stakeholders, especially the community of Dr NDZ LM. The introduction of a radical approach of appointing a panel of legal teams to root out the culture of non-payment from our communities. Increasing consumer awareness to promote a culture of payment and to roll out the incentive schemes have commenced intensely in the 2019/20 year. This was done firstly through the Customer Care Campaigns facilitated through the Strategic Support Services Unit and Budget and Treasury Office. We will continue conducting outreach programs to create awareness in respect of: municipal bills, incentive schemes, with emphasis placed on paying the current bill every month on time and the old debt will be written off. Debt management continues to be key intervention area. I am confident that with continued efforts and commitment by management and Council, this too will progressively improve over the next few years.

Tightening the municipal wallet also resulted in a reduced operational budget expenditure in the 2019/20 financial year. It is pleasing to note that expenditure at year end on the capital programme was 91%. This Report highlights the achievements and challenges in this regard further.

The Council have also in the year prioritized the filling of critical posts. This is evident with the appointment of the SCM Manager during the 2019/20 financial year, and the much-awaited appointment of the Local Economic Development Manager which was finalised in October 2019. My priority in respect of institutional development, is to instil a culture of accountability with my team and that is to ensure the development of efficient and effective systems, procedures and controls immediately.

I am pleased to announce that Dr Nkosazana Dlamini Zuma Local Municipality received an unqualified audit opinion from the Office of the Auditor-General for the 2018/19 financial year, resulting in three consecutive years positive audit outcomes. This was only possible through the perseverance of a committed and dedicated management team. I would be failing as an Accounting Officer if I do not commit myself and my management to achieving a clean audit opinion for this financial year as opposed to the previous financial year 2018/19 financial year where we received an unqualified Audit opinion with only two matters of emphasis i.e.

- material impairments of R29,10 million (2017-2018: R25,93 million) were incurred as a result of an annual review of the recoverability of receivables.

- the municipality materially underspent by R15,73 million on operational costs and R2,93 million on electrification projects.

As we are in the process of finalising our plan of obtaining a clean audit opinion in 2020/21. More emphasis is now also being placed on governance related issues holistically. The Audit Committee Members' contracts were renewed in January 2020 to cover the current term of Council and that will contribute to improved governance matters, whilst the MPAC remains active in ensuring its oversight role. The appointment of a new Internal Audit Manager is also in progress. I am proud to be a part of a winning team which has enabled Dr Nkosazana Dlamini Zuma Local Municipality to achieve best Level 2 Accredited municipality in the province from the Public Works Department on compliance issues in implementing the Extended Public Works Programme, and in 2018/19 the municipality obtained the first position in MIG expenditure. Other achievements are highlighted further in the report.

As Management we could not have achieved what we have without the collective "Team Dr NDZ LM" commitment. A thank you also to the community and stakeholders for support, cooperation and participation during the past year. I am confident that in the New Year, we are bound for better and bigger things to come. Through our Collective efforts and leadership, we commit ourselves to transform the municipality into a well governed service provider of basic services and as such Dr Nkosazana Dlamini Zuma Local Municipality will surely be "a better place for all."

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Mr NC Vezi  
Accounting Officer

## 1.3 MUNICIPAL OVERVIEW

### VISION & MISSION – 4th GENERATION IDP

The following vision and mission statement for Dr Nkosazana Dlamini Zuma Local Municipality were formulated at a strategic planning session in 2016 with active participation of both the political and administrative components of the municipality. The vision commits the municipality to sustainable, integrated, equitable and effective development through the 4th Generation IDP.

#### Vision

Dr Nkosazana Dlamini Zuma Municipality strives to be a well governed quality service provider.

#### Mission

Dr Nkosazana Dlamini-Zuma Local Municipality will provide quality, sustainable basic service delivery while promoting tourism, agricultural investment opportunities, community involvement and protection of environment.

The above defined long term of a strategic framework that addresses the objectives and strategies of the municipality. The objectives and strategies are aligned to the national and provincial guidelines. This defines the precedent upon which the local municipality looks to create an integrated social-spatial system underlined by an enabling environment that incorporates the various key development sectors including infrastructure and service delivery, agriculture, tourism, commerce and trade.

### 1.4 MUNICIPALITY'S PROFILE

After the 2016 elections, the Ingwe and KwaSani Municipalities amalgamated. There are 15 wards with 29 Councillors, 15 Ward Councillors and 14 PR Councillors. In addition to this, the areas of Thunzi, Ngqiya, Ridge and Stepmore have been reincorporated from Impendle. The extent of the municipality's geographic coverage is estimated at 3200sq kms.

#### Traditional Councils

Settlements and communities under the leadership of Traditional Councils account for a higher proportion compared to non-aligned communities. There are 13 Traditional Councils namely:

- Amakuze TC
- Amangwane TC
- Basotho TC
- Bhidla TC
- Indawana – Umzi TC
- Isibonelo esihle TC
- Madzikane Bhaca TC
- Maguzwana TC
- Qadi TC
- Sizanani TC
- Macala Gwala TC
- Vezakuhle TC
- Zashuke TC

DEMOGRAPHIC PROFILE: The following table provides a summary of the population composition of Dr Nkosazana Dlamini-Zuma Local Municipality:

CATEGORY	DR NKOSZANA DLAMINI ZUMA	CATEGORY	DR NKOSZANA DLAMINI ZUMA
<b>Total Population</b>	<b>118480</b>	<b>MARITAL SATUS</b>	
0-14	39.65%	Married	17,85%
15-34	38.35%	Living together like married partners	4.11%
35-59	15.17%	Never married	74,02%
60+	6.83%	Widower/Widow	3,48%
<b>GENDER RATIO</b>		Separated	0,32%
Female Population	52.12%	Divorced	0,23%
Male Population	47.88%		
<b>HOUSEHOLDS</b>		<b>DEPENDENCY RATIO</b>	<b>75,47</b>
Number of Households	29619	Unemployment rate	62,52%
Formal Dwelling	38.16%	Youth unemployment rate	70,71%
<b>LEVELS OF EDUCATION</b>		Female headed households	59,84%
No Schooling	16.62%	Potential total working Age Group (20-64)	41,68%
Primary schooling	38.31%	Elderly (65+)	5%
Some secondary	31.43%	Number of Agricultural households	14048
Matric	11%	<b>ANNUAL INCOME OF AGRICULTURAL HOUSEHOLD HEADS</b>	
Tertiary	2.15%	No income	4504
<b>SERVICES</b>		R1-R4 800	<b>562</b>
Piped (tap) water inside dwelling	9.63%	R4 801-R38 400	7703
Electricity for lighting from mains	83.27%	R38 401-R307 200	794

Weekly refuse removal	18.01%	R307 201+	131
		Unspecified	299

**Source: (Statistics SA 2016 Community Survey)**

The municipality has the following Oversight Structures which are all functional:

- a. Finance Committee
- b. Public Works and Basic Services & Development Planning Committee
- c. Community and Social Services Committee
- d. Corporate Services Committee
- e. Local Labour Forum
- f. Municipal Public Accounts Committee
- g. Audit and Performance Audit Committee
- h. Executive Committee
- i. Council

## **DR NKOSAZANA DLAMINI ZUMA LOCAL MUNICIPALITY ANNUAL PERFORMANCE REPORT 2019/20**

DR NDZ LM Performance Reporting requires that the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, are taken and presented in a simple and accessible format, relevant and useful to the specified target groups for review. While it is important that the reporting formats are relevant, useful and cater for the reader's need in reviewing performance, the existence of too many reporting formats can become both confusing and burdensome to the organisation. The ideal situation is the existence of one reporting format that contains the necessary information for all users, yet remains simple and accessible to all users. This was done using a basic Excel spreadsheet. The annual performance report emanated from the 2019/20 Service Delivery and Budget Implementation Plan which was revised twice during the year. The 2019/20 SDBIP was first revised on the 23 February 2020 and approved by Council and published as a means to inform members of the public. Again the National Treasury Office issued a circular advising municipalities that they should revise their budget performance indicators and targets before 15 June 2020. Dr NDZ LM then revised its service delivery and budget implementation plan and such revision was endorsed by Council on 15 June 2020. The 2019/20 Annual performance report is based on the special revised sdbip that was approved by Council on 15 June 2020. As indicated in the PMS framework/policy the service delivery and budget implementation plan (SDBIP) means a detailed plan approved by the Mayor of a Municipality in terms of section 53(1) (c)

(ii) of the Municipal Finance Management Act for implementing the

Municipality's delivery of municipal services and its annual budget, and which must indicate – projections for each month of –

- revenue to be collected, by source; and
- operational and capital expenditure, by vote;
- service delivery targets and performance indicators for each quarter; and
- any other matters that may be prescribed,
- and includes any revisions of such plan by the Mayor in terms of section 54(1)(c) of the Municipal Finance Management Act.

Quarters means any of the following periods in a financial year:

- Quarter 1:1 July to 30 September;
- Quarter 2:1 October to 31 December;
- Quarter 3:1 January to 31 March;
- Quarter 4: 1 April to 30 June.

In the year under review, every attempt was made to align the planning and reporting template with KPI's from the National Treasury through the IDP process, and then subsequently at Mid-Year Review with the Back to Basics programme.

It is also apparent that in order for an effective PMS, it is necessary for all stakeholders to be involved in the planning, monitoring and review process. Of specific note is the need for the streamlining of oversight activities by the Council and Community through processes specified in a framework to be aligned to other key strategic processes of the organisation. Furthermore, the need for a National and Provincial reporting system integrated with local government is re-iterated for the purposes of mainstreaming of national programmes and reporting requirements and such is envisaged to be achieved through the implementation of the District Development Model the "DDM" One plan one Budget approach. The National and Provincial Department responsible for Cooperative Governance and Traditional Affairs have developed standard Key performance indicators for metropolitan municipalities, districts and local municipalities together with Standard Operating Procedures as well as PMS checklists which all municipalities should adhere to come 2020/21 financial year. These two documents would be gazetted before being enforced to municipalities for compliance purposes.

Perhaps one of the critical factors influencing performance in the organisation is the value chain and instilling a culture of performance. This would include amongst others - change management and team building techniques, awareness of and practicing of Batho Pele principles and a Code of Ethics. Leadership and management processes are key to ensuring an outcome driven entity with recognition and acknowledgment systems being implemented. In the year under review, budget cuts, and the filing of critical posts particularly in the middle management positively impacted on the quality of performance reporting. It is therefore deemed appropriate to ensure that together with skills development and change management processes, performance management is cascaded to all levels of employees once the re-engineering process is finalised. It is encouraging to note that this is supported by the Municipal Leadership and Management through the presentation that was conducted by the National to SALGA Office on 04 August 2019 and systems and processes are in progress to implement this in the 2020/21 financial year. The process will await the approval of the Individual Performance Management Policy and engagement and awareness of employees and relevant stakeholders.

For the performance Management process to be efficient, it is necessary for an automated system to be implemented to ensure accurate reporting that is aligned to financial reporting processes. This must be followed by effective risk management and internal audit processes to ensure that review mechanisms are implemented timeously. For the year under review, the need to align with other governance processes was emphasised through the PMS process. Unfortunately, institutional challenges amongst others, contributed to inadequate monitoring mechanism for governance related issues. It is therefore necessary to ensure that when the PMS is automated, that it interfaces with the governance systems, including amongst others a project management module and financial systems. The municipality awaits the standardization of KPI's for integration with national and provincial programmes aligned to the National Development Plan and the District Development Model.

The institutional arrangements within the organization must be such that it supports the process. This would include sufficient capacity to lead the process and to ensure that compliance issues are administered. Each department has identified performance champions administratively to co-ordinate performance information to support performance managers and leaders which is critical for ensuring compliance with reporting requirements. This have helped the municipality to include adequate administrative systems such as record keeping, consistency with administrative support officials. Furthermore, ongoing awareness and training is necessary to ensure that the entity is abreast of all performance related issues and how this integrates into other municipal processes.

Of critical importance is the need for top/ senior management to be more responsible in the performance management system. This is necessary especially in terms of motivating a goal orientated environment, quality control in respect of reporting and monitoring, review and submission of evidence and more importantly ensuring accountability at a senior management level. This is re-affirmed by Audit Committee recommendations that Senior Managers must take full responsibility

and accountability on the performance management process, and to improve the quality of reporting.

The need for improved Intergovernmental relations to ensure streamlining of performance-based reporting processes is also necessary. This would require that all spheres of government to integrate and co-ordinate these reporting requirements through the identification and rationalization of key performance indicators aligned to the national development plan (NDP)

#### **ORGANISATIONAL SCORE-CARD 2019/20 ANALYSIS**

The above-mentioned strategic priorities as identified in the IDP, cascades into the performance management system of the municipality through the 5 year organisational score-card as approved in the 4th generation IDP

The methodology used for the assessment is based on the rating calculator for Municipal Manager's and managers directly accountable to the Municipal Manager. The Score-cards are reviewed against actuals reported against submission of Portfolio of evidence which is also subject to an internal audit process. Where a target was not met, and evidenced Reason for the variance was required together with recommended corrective action to be taken to ensure that the target was to be pursued further. For the purpose of this report only the assessment results will be highlighted in terms of a two-point scale i.e. Target achieved and Target Not Achieved.

The technical assessment by the PMS unit is to check on the completeness of reports, and the relevance and sufficiency of the portfolio of evidence submitted. Portfolios of evidence are appropriately reference to the relevant score-cards to allow for ease of reading and for purpose of auditing.

A PMS Checklist is used to ensure that performance information as reported is :-

- Sufficient
- Relevant
- Accurate

The checklist is applied against both the actual reported against the target, as well as the Reason for Variance where a target is not achieved.

Any TARGET NOT ACHIEVED in any quarter is in all instances have the requisite "REASONS FOR NOT ACHIEVING CUMULATIVE TARGET", and "CORRECTIVE MEASURES, such "reason for variance" to be evidenced, failing which the target will be deemed to be "NOT ACHIEVED"

The following rating scale as applied for section 54 and 56 Managers apply to KPI's at all levels, including SDBIP.

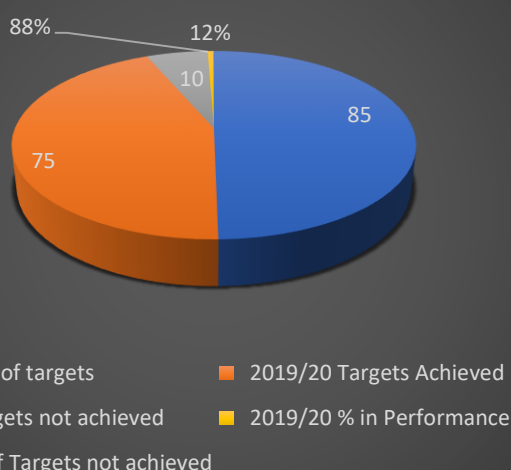
Accordingly, for the 2019/20 financial year, a total of 85 key performance indicators (relevant and applicable) are evaluated against targets set as summarized below:-

2019/20				
No. of targets	Targets Achieved	Targets not achieved	% in Performance	% of Targets not achieved
85	75	10	88%	12%

#### **GRAPHICAL PRESENTATION OF THE ORGANISATIONAL PERFORMANCE IN 2019/20 FINANCIAL YEAR**



## 2019/2020 Organisational Performance



Where performance was not reported and/or reported but was not backed with relevant, sufficient or accurate evidence, the target was deemed to have not been achieved. As the Dr NDZ LM PMS is an evidence-based system, departments implement processes to ensure quality record-keeping aligned to KPI's, and that this is referenced appropriately in the Portfolio of evidence file submitted for assessment and auditing.

The maintenance of a Project File for every project on the capital programme is also advocated to ensure that relevant financial and non-financial evidence is on hand at all times and is aligned to relevant KPI's on the Organisational Score-card. The PMS unit and Project owners has ensured that all quantitative KPI's are supported by all relevant calculations against measurable formulae to avoid misstatements being raised through assurance processes. For this purpose, the Technical Indicator Descriptions (as compiled by the PMS unit) are used for every KPI and project as a departmental control.

Capacity limitations for performance reporting, monitoring and support must be prioritised by management to reduce the risk of a negative audit outcome on predetermined objectives. The PMS Unit working closely with the Skills Development Unit it will be ensured that training programs for all officials working directly with performance information are implemented and incorporated in the Workplace Skills plan. Further interventions to address the audit findings from Q1 to Q4 have been addressed in preparation for the Annual Performance report 2019/20 to be audited by AG.

The role of top management to ensure reporting and quality control discipline and accountability cannot be over-emphasized to ensure an effective, efficient and reliable monitoring and evaluation process is followed.

Work flow processes on performance management, including KPI definitions (TIDs), PMS Checklist and the draft Standard operating procedures (SOPs) will go a long way in clarifying roles and responsibilities of all stakeholders, specifying timeframes and turnaround times, as well as improving quality of performance information in general. As this the municipality finds itself in an ever-changing environment with evolved internal and external processes, it becomes incumbent on management to develop and /or review internal controls and systems to ensure stability, continuity and improved staff morale. This will contribute to an enhanced performance driven organisation.

## **PURPOSE OF THE REPORT**

The main purpose of this report is to account to MEC for Local Government, Provincial legislature, NCOP, Minister of Cooperative Governance and Traditional Affairs, National Treasury, Auditor-General and to the citizens of Dr Nkosazana Dlamini Zuma Local Municipality on progress being made by municipality towards achieving the overall goal of “a better place for all”. Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, White Paper on Local Government, MSA and the MFMA.

## **THE ASSESSMENT PROCESS AND THE METHODOLOGY FOLLOWED IN COMPILING THE REPORT**

According to the provisions of the Municipal Systems Act, 32 of 2000, municipalities must monitor and measure the progress of their performance by preparing quarterly and midyear performance reports, in terms of Chapter 6 of the MSA, on performance management systems. These quarterly and mid-year reports make up the municipalities' annual performance reports (Section 46 report), which are submitted to the Auditor General, together with the financial statements, for auditing. After adoption of the audited performance report by the municipal council (a component of the Annual Report), it must then be submitted to the MEC for Local Government.

## **LEGISLATIVE OVERVIEW**

Section 46 of the Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting–

The performance of the municipality and of each external service provider during that financial year;

- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year and
- Measures taken to improve performance
- Chapter 12 of the Municipal Finance Management Act.

**Chapters 6 of the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000), requires local government to:**

- Develop a performance management system.
- Set targets, monitor and review performance based on indicators linked to the Integrated Development Plan (IDP).
- Publish an annual report on performance management for the councillors, staff, the public and other spheres of government.
- Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for local government.
- Conduct an internal audit on performance report audited by the Auditor-General.

- Involve the community in setting indicators and targets and reviewing municipal performance.

### **Policy and Legal Context for PMS**

- The White Paper on Local Government (1998)
- Batho Pele (1998)
- The Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- The Local Government: Municipal Systems Act, (32/2000): Municipal Planning and Performance Management Regulations (2001) , Chapter 3, by the Department Cooperative Governance.
- Guide on Performance Agreements Workshop, 2001, by the South African Local Government Associations (referred to as SALGA Guidelines in short)
- DPLG, 2001, PMS Training Manuals (referred to as PMS Training Manuals in short)
- Municipal Finance Management Act (2003)
- Municipal Performance Management Regulations (2006)

### **Objectives of Performance Management System**

- Facilitate increased accountability
- Facilitate learning and improvement
- Provide early warning signals
- Facilitate decision-making

## CHAPTER 2

### COMPONENT A: GOVERNANCE STRUCTURES

The Corporate Support Services Department is responsible for providing secretarial functions to the municipality's governance structures such as portfolio committees/ Section 80 Committee, Section 79 Committees and some IGR Structures. The municipality has revised its Committees during the financial year this was done in order to ensure that the municipality's strategy is implemented effectively. The following table reveals the new composition of Section 80 Committees:

COMMITTEE	CHAIRPERSON	MEMBERS
<b>Finance Portfolio Committee</b>	Her Worship the Mayor: Cllr P.N Mncwabe	Cllr N.C Mbanjwa Cllr K.A. Hadebe Cllr B.K. Zondi Cllr T. Ndlovu
<b>PWBS AND TOWNPLANNING DEVELOPMENT COMMITTEE</b>	Deputy Mayor: Cllr P.P Shange	Cllr D.Adam Cllr Z.P Gcume Cllr S.V. Zulu Cllr M.T Zikode Cllr B.C. Mncwabe Cllr S.T. Dlamini Inkosi T Molefe
<b>Community and Social Services Committee</b>	<b>Cllr Z.P Mkhize</b>	Cllr V.A.T. Mthembu Cllr W.N. Keswa Cllr Z.A. Mtolo Cllr S.T. Shabane Cllr M.V. Phoswa Inkosi D.T. Dlamini Inkosi B.J. Mkhulise
<b>Corporate Support Services Committee</b>	<b>Cllr K.A. Hadebe</b>	Cllr D.R. Ngcamu Cllr S.J. Phakathi Cllr W.N. Magoso Cllr S.B. Mqwambi

		Cllr. Q. Dlamini
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## 2.1 Governance structure

The Council is empowered and responsible for the political mandate and decision in terms of the Constitution and other relevant legislations. As the higher decision making of the municipality, Council must work within the legislative mandate of the following Acts:

### 2.2.1 Governing legislation

- The Constitution of the Republic of South Africa 1996, Act No. 108 of 1996
- Local Government: Municipal Systems Act, Act No. 32 of 2000
- Local Government: Municipal Structures Act, Act No. 32 of 2004
- Local Government: Municipal Finance Management Act, Act No. 56 of 2003 and Treasury Regulations
- KwaZulu-Natal Planning and Development Act, Act No. 6 of 2008
- Public Finance Management Act, Act No. 1 of 1999
- Local Government: Municipal Property Rates Act, Act No. 6 of 2004
- Local Government: Municipal Property Rates Amendment Act, Act No. 19 of 2009
- National Housing Act, Act No. 107 of 1997;
- National Road Traffic Act, Act No. 93 of 1996
- National Water Act, Act No. 36 of 1998
- Waste Act, Act No. 59 of 2008
- Electricity Act, Act No. 41 of 1987
- KwaZulu-Natal Provincial Roads Act, Act No. 4 of 2001
- National Environmental Management Act, Act No. 107 of 1998
- National Environmental Management Protected Areas Act, Act No. 57 of 2003
- National Heritage Resources Act, Act No. 25 of 1999
- Disaster Management Act, Act No. 56 of 2000
- Traditional Leadership and Governance Framework Act, Act No. 41 of 2003
- Communal Land Rights Act, Act No. 11 of 2004
- National Prosecuting Authority Act, Act No. 32 of 1998
- Division of Revenue Act, Act No. 1 of 2010

### 2.2.2 Compliance

- Labour Relations Act, Act No. 66 of 1995
- Basic Conditions of Employment Act, Act No. 75 of 1997
- Employment Equity Act, Act No. 55 of 1998
- Skills Development Act, Act No. 81 of 1998
- Skills Development Levies Act, Act No. 28 of 1999
- Preferential Procurement Policy Framework Act, Act No. 5 of 2000;
- Broad-Based Black Economic Empowerment Act, Act No. 53 of 2002

Table 2.3: NDZ Municipality is comprised of twenty-nine Councillors

NAME OF COUNCILLOR	GENDER	AFFILIATION	WARD/PR
Her Worship the Mayor: Cllr P.N. Mncwabe	Female	ANC	Ward 3
Deputy Mayor: Cllr P.P. Shange	Male	ANC	PR
Speaker: Cllr M.B. Banda	Male	ANC	PR
EXCO Member: Cllr K.A. Hadebe	Female	ANC	PR
EXCO Member: Cllr. D. Adam	Male	D.A.	PR
EXCO Member: Cllr Z.P. Mkhize	Female	ANC	Ward
Cllr M.T. Zikode	Male	ANC	Ward
Cllr B.C. Mncwabe	Female	ANC	Ward
Cllr S.T. Dlamini	Male	ANC	Ward
Cllr M.V. Phoswa	Male	D.A.	PR
Cllr. Z.A. Mtolo	Female	ANC	PR
Cllr M.W. Khumalo	Male	ANC	Ward
Cllr L. Mncwabe	Female	ANC	Ward 14
Cllr Z.P. Gcume	Female	ANC	Ward 02
Cllr T. Ndlovu	Female	ANC	Ward 01
Cllr N.C. Mbanjwa	Female	ANC	Ward

NAME OF COUNCILLOR	GENDER	AFFILIATION	WARD/PR
Cllr W.N. Magoso	Female	ANC	Ward
Cllr V.A.T. Mthembu	Male	ANC	PR
Cllr Q, Dlamini	Male	ANC	Ward
Cllr N.M. Dlamini	Male	ANC	Ward
Cllr. W.N. Khewa	Male	ANC	Ward
Cllr B.K. Zondi	Female	ANC	Ward
Cllr. S.V. Zulu	Male	ANC	PR
Cllr. D.R Ngcamu	Male	DA	PR
Cllr . S.K Jaca	Male	EFF	PR
Cllr N.G Dlamini	Male	IFP	PR
CIIR S.J Phakathi	Male	IFP	PR
Cllr S.T Shabane	Male	ANC	Ward
Cllr S Mqwambi	Male	ANC	PR
INkosi T Molefe	Male Batlokoa tribal authority	NA	
Inkosi M.P Memela	Male Memela Tribal Authority	NA	

NAME OF COUNCILLOR	GENDER	AFFILIATION	WARD/PR
Inkosi T.D Dlamini	Male Bhidla Tribal Authority	NA	
Inkosi V.P Gwala	Male Gwala tribal authority	NA	

The following portfolio and other committees have been established by Council:

Table 2.4: Portfolio committees during 2019/20

COMMITTEE	CHAIRPERSON	MEMBERS
Finance Portfolio Committee	Her Worship the Mayor: Cllr P.N Mncwabe	Cllr N.C Mbanjwa Cllr K.A. Hadebe Cllr B.K. Zondi Cllr T. Ndlovu
PWBS AND TOWNPLANNING DEVELOPMENT COMMITTEE	Deputy Mayor: Cllr P.P Shange	Cllr D.Adam Cllr Z.P Gcume Cllr S.V. Zulu Cllr M.T Zikode Cllr B.C. Mncwabe Cllr S.T. Dlamini Inkosi T Molefe
Community and Social Services Committee	<b>Cllr Z.P Mkhize</b>	Cllr V.A.T. Mthembu Cllr W.N. Keswa Cllr Z.A. Mtolo Cllr S.T. Shabane Cllr M.V. Phoswa Inkosi D.T. Dlamini



		Inkosi B.J. Mkhulise
Corporate Support Services Committee	<b>Cllr K.A. Hadebe</b>	Cllr D.R. Ngcamu Cllr S.J. Phakathi Cllr W.N. Magoso Cllr S.B. Mqwambi Cllr. Q. Dlamini

Table 2.5: Members of the municipal public accounts committee (MPAC)

The primary purpose of the MPAC, which consists of five non-executive councillors is, is to assist Council by holding the Executive Committee to account for service-delivery.

COMMITTEE	CHAIRPERSON	MEMBERS
AUDIT COMMITTEE	Ms S.D Ncube	Mr L.B. Van derMerve Mr V.I.V. Made Mr P. Mntambo
MPAC	Cllr M.T Zikode	Cllr N.G Dlamini Cllr L. Mncwabe Cllr N.M. Dlamini Cllr W.M Khumalo
LOCAL LABOUR FORUM COMMITTEE MEETINGS	Cllr S.V. Zulu	Mr J Sondezi Employer rep Cllr S.V Zulu Cllr Z.P Gcume  Mr D.R Ngcobo Samwu Rep. Mr. S. Chule Samwu Rep Mrs S.N. Mnguni Mr. P. Gambu IMATU Rep

COMMITTEE	CHAIRPERSON	MEMBERS
		Mrs. B. Nkandi
EXECUTIVE COMMITTEE MEMBERSHIP	Cllr P.N Mcwabe	Cllr P.P Shange Cllr. K.A Hadebe Cllr Z.P Mkhize Cllr D.Adam

## 2.6 Scheduled meetings for the period June2019– June 2019

Table 2.6.1 Attendance of council members at Council meetings

NO.	MEMBER OF COUNCIL	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. OF MEETINGS SCHEDULED
1.	Cllr P.N Mncwabe	5	1	6
2.	Cllr M.B Banda	6	0	6
3.	Cllr P.P Shange	3	3	6
4.	Cllr K.A Hadebe	5	1	6
5.	Cllr Z.P.Mkhize	5	1	6
6.	Cllr D Adam	5	1	6
7.	Cllr M.T.Zikode	6	0	6
8.	Cllr B. C Mncwabe	6	0	6
9.	Cllr S.T Dlamini	6	0	6
10.	Cllr M.V Phoswa	5	1	6

NO.	MEMBER OF COUNCIL	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. OF MEETINGS SCHEDULED
11.	Cllr Z.A Mtolo	5	1	6
12.	Cllr M.W Khumalo	4	2	6
13.	Cllr L Mncwabe	5	1	6
14.	Cllr Z.P Gcume	6	0	6
15.	Cllr S.V. Zulu	2	4	6
16.	Cllr T Ndlovu	5	1	6
17.	Cllr N.C Mbanjwa	6	0	6
18.	Cllr W.N Magoso	6	0	6
19.	Cllr V.A.T Mthembu	6	0	6
20.	Cllr Q Dlamini	5	1	6
21.	Cllr N.M. Dlamini	4	2	6
22.	Cllr W.N kheswa	4	2	6
23.	Cllr B.K Zondi	5	1	6
24.	Cllr D.R Ngcamu	6	0	6
25.	Cllr S.K Jaca	4	2	6
26.	Cllr N.G Dlamini	5	1	6
27.	Cllr S.J Phakathi	4	2	6

NO.	MEMBER OF COUNCIL	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. OF MEETINGS SCHEDULED
28.	Cllr S.T Shabane	5	1	6
29.	Cllr S.B Mqwambi	5	1	6
30.	Inkosi T Molefe	3	3	6
31.	Inkosi M.P Memela	3	3	6
32.	Inkosi D.T Dlamini	0	6	6
33.	Inkosi V.P Gwala	2	4	6
34.	Inkosi B.Mkulise	1	5	6

**Table 2.6.2 Attendance of council members at Special Council meetings**

NO.	MEMBER OF COUNCIL	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. MEETINGS SCHEDULED
1.	Cllr P.N Mncwabe	4	2	0
2.	Cllr M.B Banda	6	0	0
3.	Cllr P.P Shange	4	2	0
4.	Cllr K.A Hadebe	5	1	0
5.	Cllr Z.P.Mkhize	5	1	0
6.	Cllr D Adam	4	2	0
7.	Cllr M.T.Zikode	6	0	0

NO.	MEMBER OF COUNCIL	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. MEETINGS SCHEDULED
8.	Cllr B. C Mncwabe	6	0	0
9.	Cllr S.T Dlamini	6	0	0
10.	Cllr M.V Phoswa	6	0	0
11.	Cllr Z.A Mtolo	4	2	0
12.	Cllr M.W Khumalo	2	4	0
13.	Cllr L Mncwabe	5	1	0
14.	Cllr Z.P Gcume	6	0	0
15.	Cllr S.V. Zulu	2	4	0
16.	Cllr T Ndlovu	6	0	0
17.	Cllr N.C Mbanjwa	6	0	0
18.	Cllr W.N Magoso	5	1	0
19.	Cllr V.A.T Mthembu	6	0	0
20.	Cllr Q Dlamini	2	4	0
21.	Cllr N.M. Dlamini	4	2	0
22.	Cllr W.N kheswa	2	4	0
23.	Cllr B.K Zondi	6	0	0
24.	Cllr D.R Ngcamu	6	0	0

NO.	MEMBER OF COUNCIL	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. MEETINGS SCHEDULED
25.	Cllr S.K Jaca	3	3	0
26.	Cllr N.G Dlamini	3	3	0
27.	Cllr S.J Phakathi	5	1	0
28.	Cllr S.T Shabane	5	1	0
29.	Cllr S.B Mqwambi	5	1	0
30.	Inkosi T Molefe	3	3	0
31.	Inkosi M.P Memela	2	4	0
32.	Inkosi D.T Dlamini	2	4	0
33.	Inkosi V.P Gwala	3	3	0
34.	Inkosi B. Mkhulisi	2	4	0

Table 2.6.3 Attendance of council members at Executive Committee meetings

NO.	MEMBER OF COMMITTEE	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. MEETINGS SCHEDULED
1.	Cllr P.N Mncwabe	4	1	5
2.	Cllr P.P Shange	3	2	5
3.	Cllr K.A Hadebe	5	0	5
4.	Cllr Z.P Mkhize	5	0	5

NO.	MEMBER COMMITTEE	OF MEETINGS ATTENDED	MEETINGS ATTENDED	NOT	NO. MEETINGS SCHEDULED
5.	Cllr D,Adam	4	1		5

Table 2.6.4 Attendance of council members at Special Executive Committee meetings

NO.	MEMBER COMMITTEE	OF MEETINGS ATTENDED	MEETINGS ATTENDED	NOT	NO. MEETINGS SCHEDULED
1.	Cllr P.N Mncwabe	5	2		0
2.	Cllr P.P Shange	4	2		0
3.	Cllr K.A Hadebe	6	1		0
4.	Cllr Z.P Mkhize	7	0		0
5.	Cllr D,Adam	5	2		0

Table 2.6.5 Attendance of council members at Finance Committee meetings

**Old members from July 2019-September 2019**

NO.	MEMBER OF COMMITTEE	MEETINGS ATTENDED	MEETINGS ATTENDED	NOT	NO. MEETINGS SCHEDULED
1.	Cllr P.N Mcwabe	2	1		3
2.	Cllr S.T Dlamini	2	1		3
3.	Cllr M.W. Khumalo	3	3		3
4.	Cllr S.V Zulu	1	2		3
5.	Cllr N.C Mbanjwa	2	1		3

NO.	MEMBER OF COMMITTEE	MEETINGS ATTENDED	MEETINGS ATTENDED NOT	NO. MEETINGS SCHEDULED
6,	Cllr M.V Phoswa	3	0	3
	<b>New members from October 2019-July 2020</b>			
1	Cllr P.N Mncwabe	5	2	7
2	Cllr. K.A. Hadebe	6	1	7
3	Cllr. N.C. Mbanjwa	6	1	7
4	Cllr. T. Ndlovu	6	1	7
5	Cllr. B.K. Zondi	6	1	7

Table 2.6.6 Attendance of council members at Public Works and Basic Services Portfolio Committee meetings.

**Old members from July 2019-September 2019**

NO.	MEMBER OF COMMITTEE	MEETINGS ATTENDED	MEETINGS ATTENDED NOT	NO. MEETINGS SCHEDULED
1.	Cllr P.P Shange	1	0	1
2.	Cllr N.G Dlamini	1	0	1
3.	Cllr M.T Zikode	1	0	1
4.	Cllr B.K Zondi	0	1	1
5.	Cllr Z.P Gcume	1	0	1
6.	Cllr D.adam	1	0	1
7.	Inkosi T Molefe	0	1	1



NO.	MEMBER COMMITTEE	OF MEETINGS ATTENDED	MEETINGS ATTENDED NOT	NO. MEETINGS SCHEDULED
	<b>New members from October 2019-July 2020</b>			
1	Cllr P.P. Shange	3	2	5
2	Cllr. Z.P. Gcume	5	0	5
3	Cllr. S.T. Dlamini	5	0	5
4	Cllr. S.V. Zulu	4	1	5
5	Cllr D. Adam	2	3	5
6	Cllr M.T. Zikode	1	4	5
7	Cllr B.C. Mncwabe	4	1	5

Table 2.6.7 Attendance of council members at Community Services Committee meetings

**Old Members from July 2019- September 2019**

NO.	MEMBER COMMITTEE	OF MEETINGS ATTENDED	MEETINGS ATTENDED NOT	NO. MEETINGS SCHEDULED
1.	Cllr Z.P Mkhize	1	0	1
2.	Cllr W.N.Keswa	0	1	1
3.	Cllr T.Ndlovu	1	0	1
4.	Cllr D.R Ngcamu	1	0	1
5.	Cllr W.N Magoso	1	0	1

NO.	MEMBER COMMITTEE	OF MEETINGS ATTENDED	MEETINGS ATTENDED	NOT	NO. SCHEDULED	MEETINGS
6.	Cllr Q . Dlamini	1	0		1	
	<b>New Members from October 2019-July 2020</b>					
1	<b>Cllr. Z.P. Mkhize</b>	3	0		3	
2	<b>Cllr V.A.T. Mthembu</b>	3	0		3	
3	<b>Cllr W.N. Keswa</b>	3	0		3	
4	<b>Cllr. S.T. Shabane</b>	3	0		3	
5	<b>Cllr. M.V. Phoswa</b>	3	0		3	
6	<b>Cllr Z.A. Mtolo</b>	2	1		3	
7	<b>Inkosi D.T. Dlamini.</b>	0	3		3	
8	<b>Inkosi B.J. Mkhulise</b>	2	1		3	

Table 2.6.8 Attendance of council members of Town Planning and Development Committee meetings

**Old members from July 2019- September 2019**

	MEMBER COMMITTEE	OF MEETINGS ATTENDED	MEETINGS ATTENDED	NOT	NO. SCHEDULED	MEETINGS
1.	Cllr K.A Hadebe	1	0		2	
2.	Cllr. N.M Dlamini	1	1		2	
3.	Cllr V.A.T Mthembu	2	0		2	

	MEMBER COMMITTEE	OF MEETINGS ATTENDED	MEETINGS ATTENDED	NOT	NO. SCHEDULED	MEETINGS
4.	Cllr N.G Dlamini	2	0		2	
5.	Cllr S.K Jaca	2	0		2	
6.	Cllr S.T Shabane	2	0		2	
7	Cllr. S. Mqwambi	2	0		2	
8.	Inkosi V.P Gwala	1	1		2	

Table 2.6.9 Attendance of council members at Corporate Support Services Portfolio Committee meetings

**New members from October 2019- July 2020**

NO.	MEMBER COMMITTEE	OF MEETINGS ATTENDED	MEETINGS ATTENDED	NOT	NO. SCHEDULED	MEETINGS
1.	Cllr K.A. Hadebe	3	0		3	
2.	Cllr. D.R. Ngcamu	3	0		3	
3.	Cllr Q. Dlamini	3	0		3	
4.	Cllr S.B. Mqwambi	1	2		3	
5.	Cllr N.W. Magoso	3	0		3	
6	Cllr S.J. Phakathi	1	2		3	
7.	Inkosi M.P Memela	0	3		3	
	<b>Old members from July 2019- September 2019</b>					

NO.	MEMBER OF COMMITTEE	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. MEETINGS SCHEDULED
1	Cllr.P.N. Mncwabe	0	1	1
2	Cllr. B.C. Mncwabe	1	0	1
3	Cllr. Z.A. Mtolo	1	0	1
4	Cllr. S.J. Phakathi	1	0	1
5	Cllr L. Mncwabe	1	0	1

Table 2.6.9 Attendance of council members at Labour Forum Committee meetings

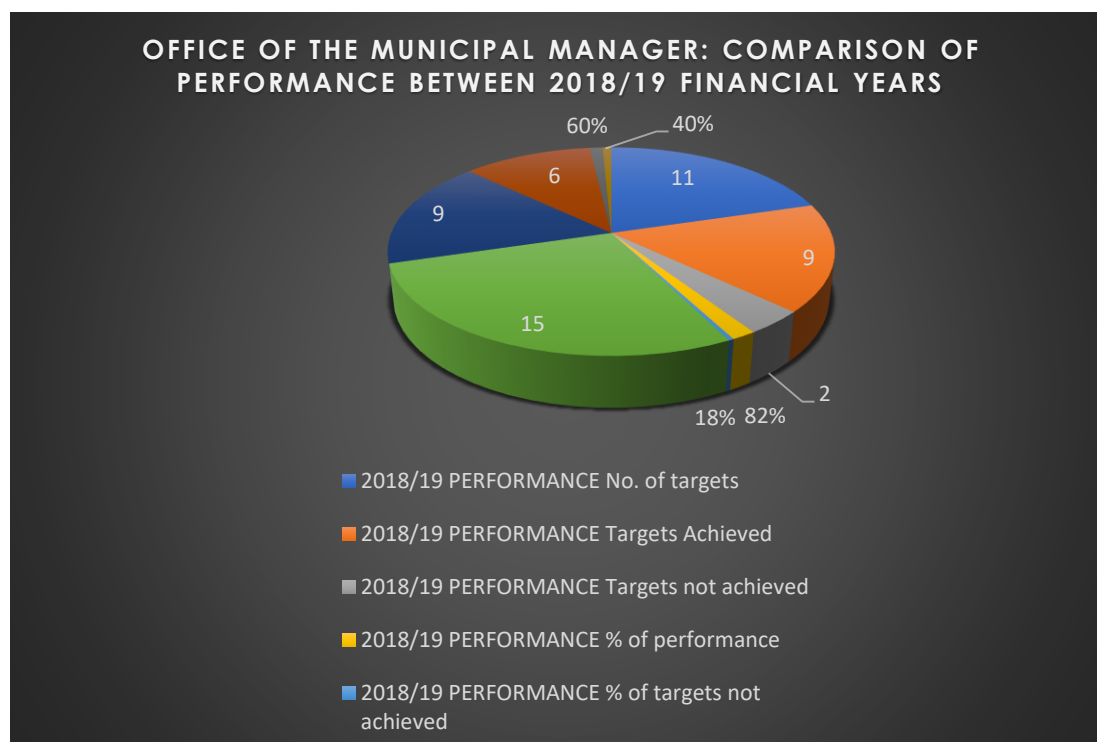
NO.	MEMBER OF COMMITTEE	MEETINGS ATTENDED	MEETINGS NOT ATTENDED	NO. MEETINGS SCHEDULED
1.	Cllr Z.P Gcume	3	0	12
2.	Cllr. S.V. Zulu	2	1	12
3.	Mr S.J. Sondezi Management	3	0	12
4.	Ms Z. Mlata Management	3	0	12
5.	Mr S.V. Mngadi Management	3	0	12
6.	Mr P.M. Gambu IMATU Rep.	3	0	12
7.	Mr D.R. Ngcobo SAMWU Rep.	3	0	12
8.	Mrs N.N Ngcobo	3	0	12

## 2.7 Good Governance and Public Participation KPA

The overall score for the KPA is 60 % for 2019/20 which is down by 22% from the previous financial year 2018/19 which was 82%.

2018/19 PERFORMANCE					2019/20 PERFORMANCE				
No. of targets	Targets Achieved	Targets not achieved	% of performance	% of targets not achieved	No. of targets	Targets Achieved	Targets not achieved	Performance in%	% of targets not achieved
11	09	02	82%	18%	15	09	06	60%	40%

### GRAPHICAL PRESENTATION OF THE DEPARTMENT'S PERFORMANCE WHEN COMPARED TO THE PREVIOUS FINANCIAL YEAR'S PERFORMANCE



### (a) COMPOSITION OF THE DEPARTMENT

In terms of performance reporting the office of the municipal manager is divided as follows:

- Strategic Support Services with the following sub-directorates:**

- Performance Management Unit/ Monitoring and Evaluation
- IDP Section
- Public Participation and Intergovernmental Relations Unit
- Communications
- Executive Support Services
- Internal Audit & Risk Management Unit
- Development and Town Planning Unit

**(b) The following are the performance highlights of the department for the financial year 2019/20:**

- Out of 15 targets that were set by this department 09 were achieved and 06 could not be achieved due to lockdown regulations following the outbreak of the coronavirus towards the end of the financial year.
- The 2020/21 integrated development plan was adopted by the Council within the legislated timeframe of 31 May 2020. Members of the community were consulted on the draft 2020/21 IDP, Budget, SDF and the SDBIP through social media platforms and radio slots to air their views on these critical documents.
- All four performance reports were also presented to Council and other Oversight Structures.
- Approval of Environmental Management Plan by 30 June 2020

**Adoption of Final Draft Land Use Scheme**

Section 165 of the Municipal Finance Management Act requires the municipality to have an internal audit unit. The main function of the unit is to conduct audits that:

- Give management assurance on the working of the municipality's existing internal controls.
- Recommend improvements where the internal controls are found to be deficient.
- Give assurance on the working of the performance management system of the municipality.

The progress reports on the implementation of the 2019/20 internal audit plan was reported to the audit committee on a quarterly basis. Audits on both financials and performance management were carried-out by the internal audit units and also reported to the Audit and Performance Audit Committee.

The Municipal Manager is the Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by the managers who report directly to him, which constitute the Management Team.

## **2.8 Municipal Public Accounts Committee**

Table 2.8: Members of MPAC:

The primary purpose of the MPAC, which consists of five non-executive councillors, is to assist Council by holding the Executive Committee to account for service-delivery.

COMMITTEE	CHAIRPERSON	MEMBERS
MPAC	Cllr M,T Zikode	Cllr Q Dlamini Cllr V.A.T Mthembu Cllr D. Adam

## Component B: Intergovernmental relations

### PARTICIPATION OF POLITICIANS AND MANAGEMENT IN THE IGR STRUCTURES.

Intergovernmental Relations structural meetings are coordinated and chaired at a district level however the Mayor, Speaker, Senior Managers and Middle Managers are members of these IGR structures at a district, provincial and national level. The district has established the following IGR structures which sit on a quarterly basis:

1. Mayoral Forum
2. Municipal Managers Forum
3. CFO's Forum
4. Infrastructure Development Forum
5. Planner's Forum
6. IDP Alignment Forum
7. IDP Rep Forum
8. District Communicators Forum
9. Corporate Services Forum

These structures are not functional and as a result no meetings were attended by our Political Office Bearers and Officials during this financial year except for the IDP Alignment Forum which sat on the 20<sup>th</sup> of February 2020 and the IDP Representative Forum which was held on the 15<sup>th</sup> March 2020. The municipality made attempts to establish its local Communicators Forum which sat once on 07 November 2019. The Operation Sukuma Sakhe Programmes and War Rooms under Dr Nkosazana Dlamini Zuma Local Municipality are fully effective as only one war room was categorised as not functional. The President has launched the District Development Model which is a tool that is going to be used to strengthen intergovernmental relations. There is an anticipation that all the districts and provincial hubs/ IGR structures are going to be revived in order to realise alignment of services at all levels of government.

## Component C: Public accountability and participation

The municipality maximised its public participation when consulting with members of the public on the budget and IDP outreach programmes during the 2019/20 financial year.

### DR NKOSAZANA DLAMINI-ZUMA LOCAL MUNICIPALITY: 2019/20 IDP/BUDGET/SDF/PMS ROADSHOWS

To present the draft 2019/20 IDP/Budget/SDF the municipality conducted its roadshows at a ward level as follows:

Ward	Date	Venue	No. of Taxis
1	23 April 2019	Ridge Community Hall	4
2	28 April 2019	Mahwaga Community Hall	3
3	28 April 2019	Underberg Location (Tent)	3
4	24 April 2019	Mncane Community Hall	4
5	24 April 2019	Mpumulwane Community Hall	4
6	25 April 2019	Magqubeni Community Hall	4
7	26 April 2019	Gala Community Hall	4
8	25 April 2019	Sonyongwana Community Hall	4
9	30 April 2019	Etafuleni Hall	4
10	29 April 2019	Mphephethwa Community Hall	4
11	29 April 2019	Mafohla (Tent)	4

12	02 May 2019	Mphithini Community Hall	4
13	30 April 2019	Sokhela Community Hall	4
14	03 May 2019	Junction Hall	4
15	05 May 2019	Sawoti Hall	4
<b>Total</b>			<b>58 Taxis</b>

The second round of the IDP/Budget/SDF Roadshows were clustered into three Zones as follows:

- Zone 1: Ward (Ward 1-5) at Mlindeli Community Hall on Tuesday, 08 October 2019
- Zone 2: Ward 6-10 in Ward 8 Bazini Community Hall on Wednesday, 09 October 2019
- Zone 3: Ward 11-15 In ward14 Nomandlovu Community Hall Thursday, 10 October 2019

Over and above these community outreach programmes the municipality held meetings with the Rates Payers Associations on 07 October 2019 at Himeville/ Jabulani Community Hall and another session was held with Amakhosi/ Traditional Leaders under Dr Nkosazana Dlamini Zuma Local Municipality.



## COMPONENT D

### Anti-corruption and fraud

The draft Anti-fraud and Corruption Strategy was tabled to the Audit and Performance Audit Committee on the meeting that was held on 10 January 2020. Moreover the draft policy on Whistle-Blowing Policy has been presented to the Management at a strategic planning session that was held on 13 March 2020 where certain amendments were recommended by Management. Due to the outbreak of the corona-virus a planned workshop for all staff members on the proposed policy on anti-fraud and corruption strategy could not be held within the financial year.

- **Supply Chain Management**

All SCM Bid Committees are functional i.e.:

- Bid Adjudication Committee chaired by the Chief financial officer
- Bid Evaluation Committee: chaired by an SCM Practitioner
- Bid Specification Committee: chaired by Assistant Manager: Public Works and Basic Services

Over and above these Committees the municipality has established Bid Specification and Evaluation Committees for quotations of bids below R200 000. More details are provided in chapter 5 of this report under other financial matters.

- **By-laws**

The following bylaws were promulgated in July 2017 with the gazette number 1846.

- ADVERTISING-BYLAWS
- AERODROME-BYLAWS
- ANIMAL POUND-BYLAWS
- CEMETERIES AND FUNERAL UNDERTAKERS-BYLAWS
- CHILDCARE-SERVICES-BYLAWS
- COMMUNITY FIRE SAFETY-BYLAWS
- CONTROL-AND-DISCHARGE-OF-FIREWORKS-BYLAWS
- CONTROL-OF-UNDERTAKINGS-THAT-SELL-LIQUOR-TO-THE-PUBLIC-BYLAWS
- DOGS-BYLAWS
- DUMPING AND LITTERING BY-BYLAWS
- ENCROACHMENT-BYLAWS
- INFORMAL-TRADING-BYLAWS
- LIBRARY-BYLAWS
- MOTOR VEHICLE AND TRAFFIC BYLAWS
- NUISANCE-BYLAWS
- PUBLIC HEALTH-BYLAWS
- PUBLIC MEETINGS AND GATHERINGS-BYLAWS
- PUBLIC-AMENITIES-BYLAWS
- PUBLIC-ROADS-AND-MUNICIPAL-STREETS-BYLAWS

- PUBLIC-TRANSPORT-BYLAWS
- REFUSE REMOVAL-BYLAWS
- ROAD-TRAFFIC-BYLAWS
- RULES AND ORDERS OF MUNICIPAL COUNCILS AND COMMITTEES OF THE COUNCIL-BYLAWS
- STORMWATER-BYLAWS
- WASTE MANAGEMENT-BYLAWS

## **WEBSITES**

The municipal website is up and running and all important/ compliance documents are uploaded on a regular basis for public consumption. Public events organised by the municipality are also published in the municipality's website to keep members of the public informed about service delivery issues.

- **Public satisfaction on Municipal services**

The municipality was unable to conduct a community satisfaction survey on municipal services during the financial year due to the outbreak of the corona-virus. However the municipality has provided suggestion boxes in all municipal offices to allow members of the public to cite their views. A report on customer complaints is presented bimonthly to the Corporate Services Committee and subsequently to the Executive Committee. Two customer care campaigns were conducted during the financial year in Underberg Town and in Bulwer where members of the public were encouraged to use different modes of communication to forward their complaints and suggestions on municipal services. Pamphlets with the municipality's contact numbers, website address, mailbox, social media addresses were listed in the pamphlet as means of improving public satisfaction on municipal services.

## Audit and performance audit committee

Meetings held during the 2019/20 financial year:

Date of the meeting	Attended	Apologised /excused
<b>Meeting on 30 July 2019</b>		
Chair – Ms SD Ncube Dlamini	Yes	
Member – Mr LB van der Merwe	Yes	
Member – Mr VIV Made	Yes	
Member – Mr P Mntambo		Apologised
<b>Meeting on 21 August 2019</b>		
Chair – Ms SD Ncube Dlamini		Apologised
Member – Mr LB van der Merwe	Yes	
Member – Mr VIV Made	Yes	
Member – Mr P Mntambo	Yes	
<b>Meeting on 29 August 2019</b>		
Chair – Ms SD Ncube Dlamini	Yes	
Member – Mr LB van der Merwe	Yes	
Member – Mr VIV Made	Yes	
Member – Mr P Mntambo		Apologised
<b>Meeting on 24 October 2019</b>		
Chair – Ms SD Ncube Dlamini	Yes	
Member – Mr LB van der Merwe	Yes	
Member – Mr VIV Made	Yes	
Member – Mr P Mntambo	Yes	
<b>Meeting on 10 January 2020</b>		
Chair – Ms SD Ncube Dlamini	Yes	
Member – Mr LB van der Merwe		Apologised
Member – Mr VIV Made	Yes	
Member – Mr P Mntambo	Yes	

Date of the meeting	Attended	Apologised /excused
<b>Meeting on 28 June 2020</b>		
Chair – Ms SD Ncube Dlamini	Yes	
Member – Mr LB van der Merwe		Resigned (emigrated)
Member – Mr VIV Made	Yes	
Member – Mr P Mntambo	Yes	

**Matters considered at the meetings of the audit and performance audit committee during the 2019/20 financial year**

	<b>FIRST MEETING No. 47, 30/07/19</b>	<b>SECOND MEETING No. 48, 21/08/19</b>	<b>THIRD MEETING No. 49, 29/08/19</b>
1.	Confirmation of the minutes of previous meeting: ➤ 16 May 2019	Confirmation of the minutes of previous meeting: ➤ 30 July 2019  Minutes were not considered.	Confirmation of the minutes of the previous meetings: ➤ 30 July 2019- Adopted ➤ 21 August 2019 (there were corrections to be done)
2.	2019/20 proposed internal audit plan	2018/19 draft AFS	2018/19 AFS ready for submission to AG
3.	Progress with implementation of the	2018/19 draft APR	2018/19 APR ready for submission to AG

	<b>FIRST MEETING</b> <b>No. 47,</b> <b>30/07/19</b>	<b>SECOND MEETING</b> <b>No. 48,</b> <b>21/08/19</b>	<b>THIRD MEETING</b> <b>No. 49,</b> <b>29/08/19</b>
	2018/19 internal audit plan		
4.	Internal audit reports: <ul style="list-style-type: none"> <li>➤ Draft 2019/20 SDBIP</li> <li>➤ 2018/19 PMS Q3 Payroll</li> <li>➤ SCM (bands under R200 000 incl VAT)</li> </ul>	Internal audit reports: <ul style="list-style-type: none"> <li>➤ 2018/19 draft AFS</li> <li>➤ 2018/19 PPE register</li> <li>➤ 2018/19 draft APR</li> </ul>	Progress with implementation of the 2018/19 internal audit plan
5.	2019/20 approved SDBIP	Date and time for the next meeting <ul style="list-style-type: none"> <li>➤ 29/08/20</li> </ul>	Schedule of proposed audcom meetings
6.	AFS readiness plan	Closure	Date and time for the next meeting
7.	1. AG records review 2. Schedule of audcom meetings 3. APR/AR readiness plan		Closure
8.	Date and time for next meeting		
9.	Closure		

	<b>FOURTH MEETING</b> <b>No. 50,</b> <b>24/10/19</b>	<b>FIFTH MEETING</b> <b>No. 51,</b> <b>10/01/20</b>	<b>SIXTH MEETING</b> <b>No. 52</b> <b>28/06/20</b>
1.	Confirmation of the minutes of previous meetings: <ul style="list-style-type: none"> <li>➤ 21 August 2019</li> <li>➤ 29 August 2019</li> </ul> Both minutes were deferred to the next meeting.	Confirmation of the minutes of previous meetings: <ul style="list-style-type: none"> <li>➤ 21 August 2019</li> <li>➤ 29 August 2019</li> <li>➤ 24 October 2019</li> </ul>	Confirmation of the minutes of the previous meeting: <ul style="list-style-type: none"> <li>➤ 10 January 2020</li> </ul>
2.	AG to table the 2018/19 external audit strategy	Draft 2018/19 annual report	Progress with implementation of the 2019/20 internal audit plan.
3.	Internal audit reports issued	2018/19 external audit response	2018/19 external audit response plans- based on audit and management report
4.	Risk management	2019/20 risk follow-up report	2019/20 risk follow up
5.	Mayors section 52 report to council for 2019/20 Q1	2019/20 Q1 PMS report	Latest version of the 2019/20 SDBIP as further revised during the lockdown period
6.	SCM report for 2019/20 Q1	IA report on 2019/20 Q1 PMS	Financial reports to 31 March 2020 (Monthly budget statement, SCM report)
7.	2018/19 annual performance assessments	Progress with implementation of the	2019/20 Q3 PMS report

	<b>FOURTH MEETING</b> <b>No. 50,</b> <b>24/10/19</b>	<b>FIFTH MEETING</b> <b>No. 51,</b> <b>10/01/20</b>	<b>SIXTH MEETING</b> <b>No. 52</b> <b>28/06/20</b>
		2019/20 internal audit plan	
8.	Preparation of the 2018/19 annual report – other sections	Report on anti-fraud and anti-corruption.	2020/21 annual risk assessment
9.	Date and time for the next meeting	Date and time for the next meeting	2020/21 internal audit plan
10.	Closure	Closure	AG readiness – AFS
11.			AG readiness – APR
12.			Revised charters
13.			Interim AFS to 31 May 2020
14.			Draft 2020/21 SDBIP
15.			Date of the next meeting
16.			Closure

### **Corporate governance: risk management**

Section 62 of the Municipal Finance Management Act requires that the accounting officer must have and maintain effective, efficient and transparent systems of financial, risk management and internal control. The reviewed version of Cogta's standard Enterprise Risk Management Framework and Policy document was adopted by Council on 24 January 2019. This document provides the basis for risk management in the organization. The ultimate aim of risk management is to run an efficient municipality that renders services to the community effectively.

A risk-and-control self-assessment with the departmental managers and staff in respect of the 2019/20 financial year was completed on May 2019. On 30 July 2019 the Internal audit manager/Risk officer presented the results of the risks assessment to the Audit and Performance Audit committee and the draft internal audit plan, that was adopted in that meeting. The risk assessment was thoroughly discussed at the audit and performance audit committee on 24 October 2019 meeting and the report for Q1 risk follow up was already included in the agenda pack. The purpose of the risk assessment is to provide a basis for planning of internal audits and to provide management with the opportunity to strengthen the internal controls in their departments. The critical to major risks (measured in terms of residual risk – that is their inherent risk after reduction of the risks by existing internal controls) were found to be in the following strategic areas of operation:

1. Asset maintenance
2. Revenue
3. Credibility of IDP, SDBIP and PMS information
4. Project management
5. Budgetary control
6. SCM and contract management
7. Financial reporting/ PPE
8. Traffic department
9. Incoming mail, face value forms, cashiering safes and banking
10. Document management

These residual risks were then planned to be reduced to the desired levels by strengthening the existing internal controls and by introducing new controls, as further discussed below.

Based on the risk registers produced during the previous and current risk and control self-assessment (together with findings from the statutory audits, e.g. performance audits, as well as the internal auditor's knowledge of the institution), a risk-based internal audit programme for the 2019/20 financial year was prepared and adopted by the audit committee on 30 July 2019. The audit plan runs from 1 September of each year and ends on 31 August with submission of the annual financial statements and annual performance report to the Auditor-General for external auditing.

The municipal manager appointed the internal audit manager as the risk officer with effect from 1 April 2014. He performs both functions of internal auditing and risk management. The Extended Manco serves as the Risk Committee, the municipal manager has appointed an external chairperson of the risk committee in June 2020.

Reviews are conducted to establish whether the departments are implementing the internal control improvements promised during the risk-and-control self-assessments and as recorded in the risk register. On balance it can be said that the municipality is still about mid-way on the risk-management continuum and efforts will be continued to increase the risk-management maturity of the organisation to a higher level.

### **Internal audit unit: 2019/20**

Section 165 of the Municipal Finance Management Act requires the municipality to have an internal audit unit. The main function of the unit is to conduct audits that:

- Give management assurance on the working of the municipality's existing internal controls.
- Recommend improvements where the internal controls are found to be deficient.
- Give assurance on the working of the performance management system of the



municipality.

The following progress with implementation of the 2019/20 internal audit plan was reported to the audit committee on 28 June 2020:

Audit	Timing	Scope and focus areas	Progress made to 21 June 2020 and recommendations
Asset maintenance review	Sept 2019	<ul style="list-style-type: none"> <li>Coverage of the issues in the IDP</li> <li>Maintenance plan and schedule</li> <li>Availability of adequate budget</li> <li>Investigation of what issues may be impeding the implementation of maintenance projects</li> </ul>	The audit was started, has proved challenging to collect relevant information and any recommendations issued may amount to informing management about what they are already aware of. <b>Recommend</b> that the audit be cancelled in the light of the lockdown period (27/3/20 up to the present) and retirement of the IA Manager on 30/4/20, or alternatively a co-sourced audit firm be used to catch up.
Review of the draft 2018/19 annual report – other elements	Oct 2019	<ul style="list-style-type: none"> <li>Review of the “other elements” - apart from the AFS and APR that were submitted in August 2019 (the AG will give to November 2019 for submission of the other elements of the draft report).</li> <li>Compliance with MFMA Circulars 11 and 63</li> <li>Credibility and reasonableness of information presented</li> </ul>	Reviewed - review notes with recommendations issued on 4/12/19. <b>Complete.</b>
Review of the finalised 2018/19 annual report – all elements	Jan 2020	<ul style="list-style-type: none"> <li>Review of the complete report ready for tabling in Council by 31 January 2020.</li> <li>Includes the audited AFS and APR, audit report, management action plan, audit committee report, finalised forwards etc.</li> </ul>	Contributed in terms of the management action plan and audit committee's report. <b>Complete.</b>
2019/20 Q1 PMS audit	Nov 2019	<ul style="list-style-type: none"> <li>Review the 2019/20 IDP and SDBIP as the basis for the performance management system.</li> <li>Review the applicable PMS framework and policy document</li> <li>Approval of the 2019/20 IDP, budget and SDBIP.</li> <li>Signed 2019/20 performance agreements.</li> <li>Making public of the planning documents and performance agreements</li> </ul>	<b>Complete.</b>

Audit	Timing	Scope and focus areas	Progress made to 21 June 2020 and recommendations
		<ul style="list-style-type: none"> <li>• Alignment of reporting documents with planning documents</li> <li>• Quality of reporting on the performance reporting template</li> <li>• Sufficiency, appropriateness and credibility of supporting evidence on the POE files</li> <li>• Performance interview process for Q1 and minutes where underperformance exists</li> <li>• Credibility of explanations given for any underperformance.</li> <li>• Credibility of measures promised to improve performance</li> <li>• Records management.</li> <li>• Reporting on performance to APAC, Exco and Council</li> </ul>	
2019/20 Q2 PMS audit	Feb 2020	<ul style="list-style-type: none"> <li>• Alignment of reporting documents with planning documents</li> <li>• Quality of reporting on the performance reporting template</li> <li>• Sufficiency, appropriateness and credibility of supporting evidence on the POE files</li> <li>• Performance interview process for Q2 and minutes (formal process at mid-year).</li> <li>• Credibility of explanations given for any underperformance.</li> <li>• Credibility of measures promised to improve performance</li> <li>• Records management.</li> <li>• Reporting on performance to APAC, Exco and Council</li> </ul>	<b>Complete.</b>
2019/20 Q3 PMS audit	May 2020	<ul style="list-style-type: none"> <li>• Alignment of reporting documents with planning documents</li> <li>• Quality of reporting on the performance reporting template</li> </ul>	In progress.

Audit	Timing	Scope and focus areas	Progress made to 21 June 2020 and recommendations
		<ul style="list-style-type: none"> <li>• Sufficiency, appropriateness and credibility of supporting evidence on the POE files</li> <li>• Performance interview process for Q3 and minutes where underperformance exists</li> <li>• Credibility of explanations given for any underperformance.</li> <li>• Credibility of measures promised to improve performance</li> <li>• Records management.</li> <li>• Reporting on performance to APAC, Exco and Council</li> </ul>	
2019/20 Q4 PMS audit	July 2020	<ul style="list-style-type: none"> <li>• Alignment of reporting documents with planning documents</li> <li>• Quality of reporting on the performance reporting template</li> <li>• Sufficiency, appropriateness and credibility of supporting evidence on the POE files</li> <li>• Performance interview process for Q4 and minutes (formal process at year-end).</li> <li>• Credibility of explanations given for any underperformance.</li> <li>• Credibility of measures promised to improve performance</li> <li>• Composition of assessment panel</li> <li>• Scoring process and calculation of possible performance bonuses.</li> <li>• Performance bonus approval process.</li> <li>• Records management.</li> <li>• Reporting on performance to APAC, Exco and Council</li> </ul>	Not yet due.
Follow-up of management's commitments made in response to the Auditor-	Dec 2019 and April 2020	<ul style="list-style-type: none"> <li>• 2018/19 audit report</li> <li>• 2018/19 management report</li> </ul>	<ul style="list-style-type: none"> <li>• One combined follow-up template has been prepared and improved at the audit committee's request on 10/1/20.</li> </ul>

Audit	Timing	Scope and focus areas	Progress made to 21 June 2020 and recommendations
General's 2018/19 audit and management reports			
Follow-up of risk-reduction tasks as included in the risk register	Oct 2019, Jan, Apr and Jul 2020	<ul style="list-style-type: none"> <li>Follow-up on the implementation by the departments of control improvements listed in the latest risk register that were intended to reduce existing residual risks to the desired residual risk levels</li> </ul>	Report presented to audcom on 25/10/19. Report covering 100% of all risks in a new format has been prepared and was tabled at audcom on 10/1/20. The meeting on 10/1/20 then deferred this item to the next audcom meeting which was delayed by lockdown to 24/6/20.
Budgetary control	Mar 2020	<ul style="list-style-type: none"> <li>Steering committee</li> <li>Budget policy</li> <li>Budget process plan</li> <li>In-year monitoring</li> </ul>	<b>Recommend</b> that the audit be cancelled or alternatively a co-sourced audit firm be used to catch up.
Internal audit recommendations follow-up	Oct 2019 and Mar 2020	<ul style="list-style-type: none"> <li>2018/19 internal audit reports issued and management responses.</li> </ul>	Report presented to audcom on 25/10/19. <b>Complete.</b>
SCM and contract management audit	Apr 2020	<ul style="list-style-type: none"> <li>Adopted SCM policy</li> <li>Petty cash purchases</li> <li>Quotations below R30 000</li> <li>Bids R30 001 to R200 000</li> <li>Competitive bids over R200 000</li> <li>Judgemental sample selection from the GL</li> <li>Bid committees</li> <li>Bid specifications</li> <li>Bid documents</li> <li>Advertising</li> <li>Bid briefings and sale of bid documents</li> <li>Bid-box security</li> <li>Bid-opening and making public</li> <li>Safe custody of bid documents received</li> <li>Bid evaluation process</li> <li>Bid adjudication process</li> <li>Sign-off by MM</li> <li>Appointment letters</li> <li>Conclusion of valid contracts</li> <li>Deviations</li> <li>SCM reporting</li> <li>Public notifications</li> <li>Website</li> <li>Filing of documents</li> <li>Fire-protection measures</li> <li>General audit trails</li> <li>Delays in SCM processes</li> <li>Consultants - general</li> <li>Consultants – engineering</li> </ul>	<b>Recommend</b> that the audit be cancelled or alternatively a co-sourced audit firm be used to catch up.

Audit	Timing	Scope and focus areas	Progress made to 21 June 2020 and recommendations
		<ul style="list-style-type: none"> <li>• Construction contractors</li> <li>• Local content</li> <li>• Audit and MPAC visits to inspect projects in progress and completed projects</li> <li>• Progress payment certificates</li> <li>• Retention accounting</li> <li>• VAT accounting</li> <li>• Retention reviews</li> <li>• Reconciliation of GL WIP accounts</li> <li>• Underperforming suppliers, especially consultants and contractors</li> <li>• Actions in event of underperformance</li> <li>• Close-out reports</li> </ul>	
2020/21 risk and control self-assessment	April 2020	<ul style="list-style-type: none"> <li>• Work with various departments to populate their assessment worksheets.</li> <li>• Produce the risk registers.</li> </ul>	Exercise initiated with the managers on 21/6/20 for completion by 30/6/20.
2019/20 interim AFS audit (prepared to +- March 2020)	May 2020	<ul style="list-style-type: none"> <li>• Supporting working papers</li> <li>• Ongoing effects of MSCOA</li> <li>• Audited opening balances on 1 July 2019</li> <li>• Monthly updating and reconciliation of the general ledger</li> <li>• Quality of transaction allocations in the GL accounts</li> <li>• Quality of commitment accounting (shadow costs)</li> <li>• Posting of the payroll and fixed asset register transactions into the GL</li> <li>• Regular review of the GL accounts for validity, accuracy and completeness</li> <li>• Schedule of capex that took place during the year (as opposed to transfers from WIP to PPE)</li> <li>• Provisions</li> <li>• Grant accounting</li> <li>• Cash flow workings</li> <li>• Commitments</li> </ul>	An interim AFS set to 31/5/20 has been tabled at the audcom on 24/6/20 for inputs from stakeholders.

Audit	Timing	Scope and focus areas	Progress made to 21 June 2020 and recommendations
		<ul style="list-style-type: none"> <li>Review of interim AFS against GRAP standards and national treasury model AFS</li> </ul>	
Preparation of the 2020/21 internal audit plan	May 2020	<ul style="list-style-type: none"> <li>Planning for period 1 September 2020 to 31 August 2021 based on the latest risk register.</li> </ul>	This plan can be prepared in the first week of July 2020 once the risk assessment has been completed on 30 June.
Fixed assets (PPE, investment properties and intangibles)	Jun and Aug 2020	<ul style="list-style-type: none"> <li>General ledger and asset register</li> <li>Audited opening balances brought forward on 1 July 2019</li> <li>Acquisitions</li> <li>Depreciation</li> <li>Disposals</li> <li>Impairment</li> <li>Remaining useful lives</li> <li>Inventory inspections for existence and condition</li> <li>Closing balances and reconciliation to the GL at about 31 March 2019</li> <li>Schedule of capex for the year-to-date and sources of funding</li> <li>Records management</li> <li>Financial reporting</li> <li>Recent GRAP changes (R&amp;M, WIP)</li> <li>Condition assessment of infrastructure assets</li> </ul>	Not yet due.
Review of the mid-year, revised 2019/20 SDBIP prior to adoption by Council in Feb 2020	Jan 2020	<ul style="list-style-type: none"> <li>Review for SMART-ness of indicators and compliance with MFMA section 1.</li> <li>Review of changes made to the SDBIP at mid-year</li> <li>Review of agreement with revisions in the 2019/20 budget</li> </ul>	The SDBIP was revised and adopted by Council for a second time during the Covid-19 lockdown period (April / May 2020) to take account of delayed construction projects and to include additional funds allocated for Covid-19 activities. Internal audit is awaiting the finalised version for review. This should be available on 22/6/20.
Review of 2020/21 SDBIP prior to signature by the Mayor	June 2020	<ul style="list-style-type: none"> <li>Review for SMART-ness of indicators and compliance with MFMA section 1.</li> </ul>	Not yet reviewed.
Council meetings	Mar 2020	<ul style="list-style-type: none"> <li>Approved schedule of meetings</li> <li>Reminder for submission of items for agenda packs</li> <li>Quality of minutes</li> </ul>	<b>Recommend</b> that the audit be cancelled or alternatively a co-sourced audit firm be used to catch up.

Audit	Timing	Scope and focus areas	Progress made to 21 June 2020 and recommendations
Review of the 2019/20 annual performance report	Aug 2020	<ul style="list-style-type: none"> <li>Based on the findings of the quarterly internal audits of performance reporting</li> <li>Alignment with the most recently adopted SDBIP</li> <li>Compliance with systems act</li> <li>Credibility of presentation and disclosure</li> </ul>	Not yet due.
Review of the 2019/20 AFS	Aug 2020	<ul style="list-style-type: none"> <li>Review and report on the draft and final 2019/20 AFS before submission to the AG. This review to be at a high-level and excludes reference to the accounting records but includes reference to the supporting working paper file.</li> <li>GRAP compliance</li> <li>Follow-up on management's responses to the audit committee's comments on the draft AFS.</li> </ul>	Not yet due.
Operationalise anti-fraud and corruption strategy	Sept 2019 to Aug 2020	<ul style="list-style-type: none"> <li>Implementation of the adopted strategy</li> <li>Adoption of ways to have practical implementation in the municipality.</li> </ul>	Progress report tabled at audcom on 10/1/20. A Whistle-Blowing Policy has been presented to the strategic planning session on 13/3/20 but requires certain changes that were recommended then.
Administration of the internal audit unit	Sept 2019 to Aug 2020	<ul style="list-style-type: none"> <li>Preparation for audit committee meetings.</li> <li>Prepare input to 2020/21 SDBIP for risk, audit committee and internal audit unit</li> <li>Quarterly performance reporting for risk, audit committee and internal audit unit</li> <li>Attend to audit committee members' contracts</li> <li>Provide responses to various questionnaires as they are received.</li> <li>Attend Extended Manco meetings.</li> <li>Prepare for and attend MPAC meetings.</li> <li>Revise the Enterprise Risk Management Framework</li> </ul>	Ongoing.

Audit	Timing	Scope and focus areas	Progress made to 21 June 2020 and recommendations
		<ul style="list-style-type: none"> <li>Revise the two Charters</li> <li>Prepare input to the 2019/20 annual performance report and annual report for risk, audit committee and internal audit unit</li> <li>Assist the AG with RFI's and responses to findings in respect of the 2018/19 audit.</li> </ul>	
Review of bids exceeding R10 million, including VAT	As required	<ul style="list-style-type: none"> <li>As reviewed at the accounting officer's discretion in terms of MFMA Circular 62 prior to advertising the intention to award.</li> </ul>	No such bids received to date.
Vacation leave	Dec 2019 and Jan 2020	<ul style="list-style-type: none"> <li>Year-end break</li> </ul>	-
Revenue	Sept to Oct 2019	<ul style="list-style-type: none"> <li>Legislation</li> <li>Policies</li> <li>Bylaws</li> <li>Rates revenue</li> <li>Refuse charges</li> <li>Rentals</li> <li>Direct income</li> <li>Billing</li> <li>Debt collection</li> <li>Provision for impairment</li> </ul>	Report has been prepared and issued to the MM.
Traffic unit	Feb 2020	<ul style="list-style-type: none"> <li>Vehicle abuse</li> <li>Overtime</li> <li>Standby</li> <li>Learners licences</li> <li>Licence renewals</li> <li>Bribes</li> <li>Controls over fine books</li> </ul>	<b>Recommend</b> that the audit be cancelled or alternatively a co-sourced audit firm be used to catch up.
Incoming mail, face-value forms, cashiering, safes and banking	Dec 2019 and Jan 2020	<ul style="list-style-type: none"> <li>Collection from Post Office</li> <li>Mail opening</li> <li>Remittance register</li> <li>Correspondence register</li> <li>Face-value form controls</li> <li>Cashier points and procedures</li> <li>Safes and keys</li> <li>Banking procedures</li> <li>Surprise cash inspections</li> <li>Cash at libraries</li> </ul>	Reported on together with revenue audit. See above.
<b>Total hours</b>		<b>(160 hrs pm, for 12 months from 1/9/19 to 31/8/20)</b>	

The audit process involves the issue of a final report to management at the end of each audit engagement. This report contains the audit findings and related recommendations to



management. Management then responds to the report either agreeing or disagreeing with the findings and agreeing what actions will be taken to strengthen the controls, by whom and by what date.

**Appendix G –Recommendations of Audit Committee (This is attached as an annexure of this report).**

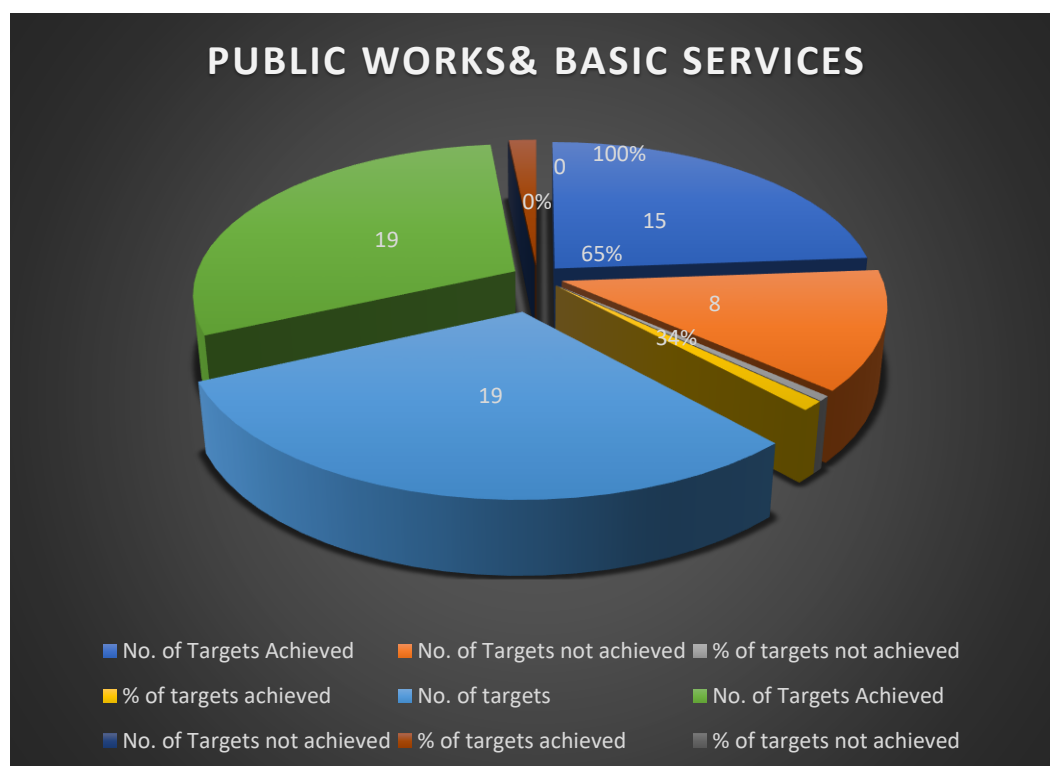
## CHAPTER 3

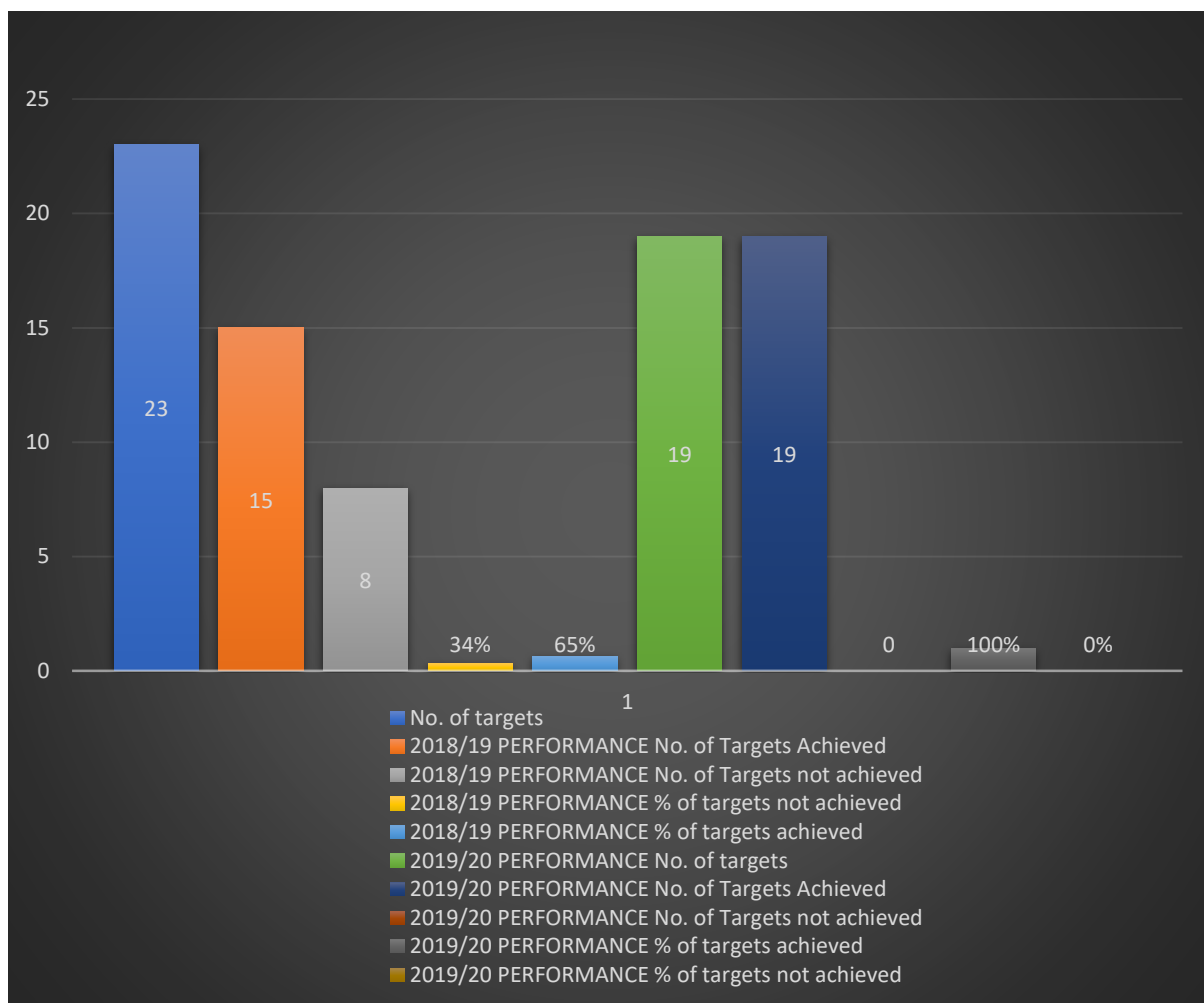
### SERVICE DELIVERY

#### 3.1 PUBLIC WORKS AND BASIC SERVICES: BACK TO BASICS PILLAR 2: BASIC SERVICE DELIVERY KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

*The overall score for the KPA is 100% for 2019/20, up by 35% from 2018/2019 financial year's performance.*

No. of targets	2018/19 PERFORMANCE				2019/20 PERFORMANCE				
	No. of Targets Achieved	No. of Targets not achieved	% of targets not achieved	% of targets achieved	No. of targets	No. of Targets Achieved	No. of Targets not achieved	% of targets achieved	% of targets not achieved
23	15	08	34%	65%	19	19	0	100%	0%





#### (a) Performance Highlights of 2019/20 financial year.

- The municipality was able to construct and complete 35.82 km of new gravel access roads in all wards.
- Asphalt Road surfacing of 2.984 km funded through the MIG allocation of R27 149 000m 24.75km of gravel access roads were maintained through-out the year this includes blading and re-gravelling some of these roads.
- 465 households in all wards were connected to Eskom National Grid using the R9m grant which was received from INEP.
- KwaBhidla Housing project is a three-year project with 500 units to be constructed, to date 302 housing units have been completed. Through this project about 19 Participants received training as part of the EPWP Skills Development Programme whereby they receive training on bricklaying, carpentry and plumbing skills.
- One sport-field in Ward 15 at Masamini area was completed during the financial year.
- Two community halls were also completed during the year (Ward 01 & 10) i.e. Gobhogobho and Solokohlo Community Halls.

The following five community amenities were maintained during the year:

1. Nkelabantwana Community Hall (Ward 11)
2. Sonyongwana Community Hall (Ward 8)
3. Mqulela Community Hall (Ward 12)
4. Mjila Community Hall (Ward 14)
5. Nertherby Community Hall (Ward 1)

The municipality is in a process of concluding its feasibility study for the new cemetery development in Bulwer. The overall short work opportunities that were created through EPWP was 379 that included the granted and internal funded capital projects.

The Integrated Waste Management Plan is a strategic document that deals with waste management which includes collection, recycling, educational programmes on waste management and disposal of waste and management of waste disposal facilities. This document is in a process of being finalised and presented to Council for adoption.

In continuation from the previous year's SMME Development, the municipality will be appointing a panel of service providers in Grade 1 and 2 for the installation of storm-water controls within all 15 wards. The municipality was also able to spend all conditional grants with the following allocations in 2019/20 financial year:

- MIG: R27,149m
- INEP: R8m
- EPWP: R2,3m

### **(b) Challenges that impacted on delivering of services during 2019/20 financial year**

There were delays in completing some capital projects due to the national lockdown regulations which started from 27 March 2020 and therefore a number of infrastructural projects had to be rolled-over to the next financial year i.e. 2020/21 during the special revision period in June 2020.

As highlighted in the Lessons learnt above, it is imperative to mention the following:-

1. The delays in the roll out of individual PMS inhibits accountability and responsibility
2. Inadequate internal controls, systems and standard operating procedures contribute to poor performance, poor quality reporting and lack of accountability
3. Manual performance management system increases the risk of error reporting. An automated PMS is therefore ideal,

### **(c) Measures Taken to improve Performance**

The municipality is currently embarking on a strategic procurement plan to appoint its service providers on a multi-year phase where possible. This will help in avoiding delays in supply chain management processes. Every financial year the municipality has resolved to construct 3km of gravel roads in each ward and the maintenance of these roads will be done throughout the year.

Below is a detailed pictorial report on capital projects implemented by the municipality during the 2019/20 financial year:

### 3.2 INFRASTRUCTURE PROJECTS

In the financial year of **2019/2020** the Municipality was allocated with **R 27 149 000.00** on the Municipal Infrastructure Grant (**MIG**) and **R 40 438 352.72** internal funding. Total expenditure for 2019/2020 was R67 587 352.72.

During the year a total Of 71.14 km gravel access roads were constructed in wards 4,5,6,8,9,10,11,12,13, and 14

#### **Ward 4 (Gravel Access road)**

- ❖ Sondlo Access road is located in ward 4 of Dr Nkosazana Dlamini Zuma Local Municipality it was successfully completed



- ❖ Nomhojana Access Road is located in ward 04 of Dr Nkosazana Dlamini Zuma Local Municipality was successfully completed



- ❖ Phakamani Access Road is located in ward 4 of Dr Nkosazana Dlamini Zuma Local Municipality was successfully completed



#### **Ward 5 ( gravel access road)**

- ❖ Khukhulela Access is in ward 5 of Dr Nkosazana Dlamini Zuma Local Municipality Road was successfully completed





- ❖ Mampondweni Access Road was successfully completed



- ❖ Shalibekwa Access Road was successfully completed



❖ Ntshiza Access Road was successfully completed





## **WARD 6 ACCESS ROAD**

- ❖ **Lookout Access Road** Located in ward 6 is a gravel Access road which was successfully completed



- ❖ **Sabatheni Access Road** In ward 6 gravel access road which was successfully completed



❖ **Mjoli Access Road** In ward 6 is a gravel access road which was successfully



completed

**KwaMsomi Access Road** In ward 6 is a gravel access road which was successfully completed



- ❖ **Hlabeni Access** Road In ward 6 is a gravel access road which was successfully completed



#### **Ward 8 (4.2gravel access road)**

- ❖ Magoso Access Road was successfully completed
- ❖ Scedaghi Access Road was successfully completed
- ❖ Sonyongwane Access Road (Phase 2) was successfully completed
- ❖ Zulu and Maduna / Mjoli roads was successfully completed

#### **WARD 9 ACCESS ROADS (4.3kms)**

- ❖ **Khumalo Access Road** In ward 9 is a Gravel Access road that ties to R612 which was successfully completed

**Before**



**After**



- ❖ **Duma Access Road** in ward 9 is a gravel access road which was successfully completed.



- ❖ **Mbhele Access Road** in ward 9 is a gravel access road which was Successfully completed



- ❖ **Mbhulelweni Access road** in ward 9 is a gravel access road which was successfully completed.

**Before**

**After**





#### **WARD 10 ( GRAVEL ROAD)**

- ❖ **Dazela** Access Road is allocated in Ward 10 of Dr Nkosazana Dlamini Zuma Local Municipality  
The road was successfully completed within the financial year is long (gravel Access Road)



- ❖ **Gwala Access Road** is allocated in ward 10 of Dr Nkosazana Dlamini Zuma Municipality  
The road was successfully completed (gravel access road)





❖ **Ntokozweni Access Road** was successfully completed . (Maintenance)



❖ **Lucas Access road** in ward 10 was successfully completed  
**Before**

**After**



**Ward 11 ( gravel Access road)**

- ❖ Gaye Access Road was successfully completed





- ❖ Nkumba Hall Access Road was successfully completed



- ❖ Dlokodla Access Road was successfully completed





- ❖ Mdayane Access Road was successfully completed. (maintenance)



### **WARD 12 ACCESS ROADS**



- ❖ **Mnywaneni Access Road** In ward 12 is a gravel access road which was successfully completed.



- ❖ **Makawusane Access Road** in ward 12 is a gravel access road which was successfully completed.



- ❖ **Mbuta Access Road** in ward 12 is a gravel access road which was successfully completed.



- ❖ **Malambu Access Road** in ward 12 is a gravel access road which was successfully completed.



- ❖ Phekwa Access Road (maintenance)



**Ward 13 (gravel access road)**

- ❖ Mthembu Access Road was successfully completed



- ❖ Madiba Access Road was successfully completed



- ❖ Memela Access Road was successfully completed



**Ward 14 (3.63gravel Access road)**

- ❖ Ndebeni Access Road was successfully completed



- ❖ Owambeni Access Road was successfully completed



- ❖ Gambu Access Road was successfully completed





- ❖ Mshushwana Access Road was successfully completed



- ❖ Mike Access Road was successfully completed



- ❖ Mjila Access Road (maintanace)

### **CRECHES**

During this financial year we had one Creches KwaBhidla Creche which consisted`two class rooms, office, sick bay, kitchen, store room, play area and the ablution block.

- ❖ **KwaBhidla Creche** is allocated in Ward 11 was successfully completed.



## COMMUNITY HALLS

- ❖ **Solokohlo Community Hall** in Ward 01 was successfully completed.





- ❖ **Gobhogobho Community Hall** in ward 10 was successfully completed.



## **SPORTFIELDS**

**Masameni Sport field** in ward 13 was successfully completed which consist of combo court, soccer pitch and the change rooms with toiles

Combo court with toilet



Soccer pitch



## ASPHALT ROADS

- ❖ **Bulwer Asphalt Phase 7** in ward 10 was successfully completed





❖ **DonnyBrook Asphalt Phase 2** in ward 10 which was successfully completed



❖ **CREIGHTON ASPHALT ROAD** in ward 14 was successfully completed.



### 3.3 Electrification Projects

During the year the municipality had planned to do 465 household connections in ward 1 to 15. This project was divided into 15. These projects have been demonstrated in section below.

#### 1. Greater Stepmore/Ridge phase 2 (ward 1)

The project is complete, there are 33 household connections achieved in this project and energised.



#### 2 Greater Nhlanhleni/Goxhill phase 2 (ward 2)

The project is complete, there are 33 household connections achieved in this project and energised.



#### 3 Greater Underberg phase 2 (ward 3)



The project is practical complete, there are 33 household connections achieved in this project and the municipality is busy with processes of booking an outage to Eskom so that the project can be energised.



#### 4 Greater Amakhuze/Cabazi phase 2 (ward 4)

The project is complete, there are 33 household connections achieved in this project and energised.



#### 5 Greater Khukhulela/Nomagaga phase 2 (ward 5)

The project is complete, there are 33 household connections achieved in this project and energised.



6 Greater Hlabeni/Centocow phase 2 (ward 6)

The project is complete, there are 33 household connections achieved in this project and energised.



7 Greater Qgumeni/Mqundekweni phase 2 (ward 7)

The project is complete, there are 33 household connections achieved in this project and energised.



8 Greater Ngwagwane phase 2 (ward 8)

The project is complete, there are 33 household connections achieved in this project and energised.



9 Greater Nkwezela phase 2 (ward 9)

The project is complete, there are 33 household connections achieved in this project and energised.





10 Greater Bulwer phase 2 (ward 10)

The project is complete, there are 33 household connections achieved in this project and energised.



11 Greater Nkumba/Mangwaneni phase 2 (ward 11)

The project is complete, there are 33 household connections achieved in this project and energised.



12 Greater Bhidla/Sizanenjana phase 2 (ward 12)

The project is complete, there are 33 household connections achieved in this project and energised.



13 Greater Donnybrook phase 2 (ward 13)

The project is complete, there are 33 household connections achieved in this project and energised.





14 Greater Mjila/Creighton phase 2 (ward 14)

The project is complete, there are 33 household connections achieved in this project and energised.



15 Greater Sandanezwe/Masamini phase 2 (ward 15)

The project is complete, there are 33 household connections achieved in this project and energised.



### 3.4 Waste Management Project

- Waste Management Project “Project 40” was offered to the municipality by Department of Economic Development, Tourism and Environmental Affairs.
- The key objective of the waste management project was to promote sustainable environmental management.
- It contributed to poverty alleviation strategy in local communities, while addressing the plight of unemployment through the creation of jobs.
- About 135 beneficiaries benefitted in this project.
- These beneficiaries cleared the illegal waste disposal hotspots which are found within the Municipality.
- The project ended in March; all beneficiaries were paid for the 30 days they worked.



### Climate Change roadshow

- A successful clean-up campaign & climate change roadshow took place in Bhambatha Sportfield on the 14 March 2020.
- The clean-up was led by the Deputy Mayor Cllr Philani Shange accompanied by leadership of Dr Nkosazana Dlamini Zuma Municipality and leadership of Department of Economic Development, Tourism and Environmental Affairs.
- The clean-up educated community about the dangers of illegally dumping waste which contributes to air pollution.
- Awareness about climate change was the theme of the day which was accompanied by leadership planting trees in Bhambatha Sportfield.





### **Himeville Transfer Station**

- The Municipality has paid attention to the neighborhood of Himeville about the complains they had about the status of the Transfer Station.
- As a result, the Municipality has appointed a service provider who assisted the Municipality by removing general waste as well as garden refuse from the Transfer Station.
- Currently there are major improvements at the transfer station

### **Before**



**After**



### **Dr Nkosazana Dlamini Recycling**

- The Municipality has an agreement with Glass Recycling for collection of crushed glass. Once the Co-op has a total of 35 bags an arrangement is made with Glass Recycling for collection at Transfer Station. This arrangement assists the Municipality in keeping the Transfer Station clean.
- Up to date the Co-op is able appoint 10 workers, meaning that the Co-op is able to creat jobs through green economy.
- Dr Nkosazana Dlamini Zuma recycling becomes one of the successful stories within Harry Gwala
- Currently the site has more than 1 visitors from Municipalities coming from other district to benchmark from Himeville recycling.



### **Dr Nkosazana Dlamini Zuma Municipality greening project**

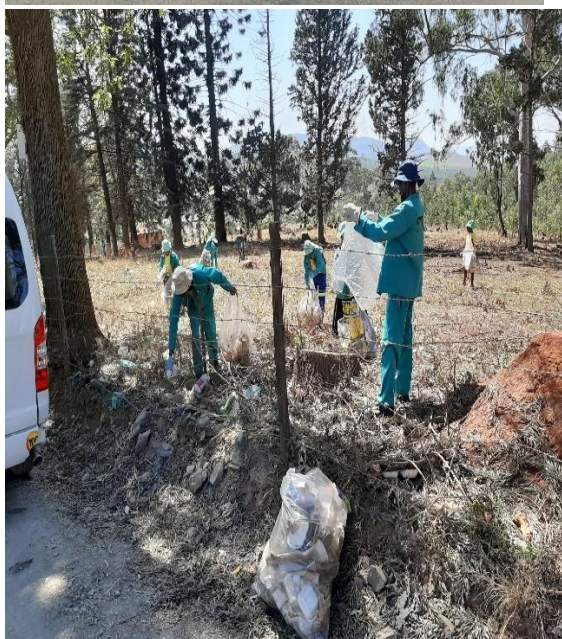
- In celebration of Arbor month, the Municipality had various greening programmes.
- Households at Stepmore and Mqatsheni location received plants and they were educated about the importance of trees in fighting the dangers of climate change.
- Schools in Stepmore also benefitted, learners were excited to receive their plants and they were also taught on how the trees are planted.
- Department of Environment, Forestry and Fisheries has more programmes that will benefit our communities
- 20 EPWP workers have been recruited who will continue planting the trees in Ward 1
- EPWP workers will be paid R100 a day for a period of 22 days.





#### **Clean-up and awareness campaigns in Dr Nkosazana Dlamini Zuma Municipality**

- The Municipality working in partnership with Department of Economic Department, Tourism and Environmental Affairs undertake clean up campaigns on monthly basis.
- The last clean up that took place before the lockdown was in Centocow Hospital.



### Waste collection

- Dr Nkosazana Dlamini Zuma continue providing reliable waste collection service to the households of Dr Nkosazana Dlamini Zuma Municipality.
- The Municipality provides waste collection services to the 5 main towns, including low income areas which falls under the category of indigent households. The table below shows collection points:

DESIGNATION AREA	VEHICLE	SCHEDULE
Bulwer	Compactor Truck	Mon, Thu & Fri
Donnybrook	Compactor Truck	Tue & Fri
Creighton	Compactor Truck	Tue & Fri
Hlangani /Clinic	Compactor Truck	Mon & Thu



Centocow Hospital	Compactor Truck	Tue & Thu
Underberg & Himeville residential	Compactor Truck	Mon
Underberg & Himeville business	Waste Truck	Thu & Weekends
Underberg & Himeville Low Income	Compactor Truck	Wed

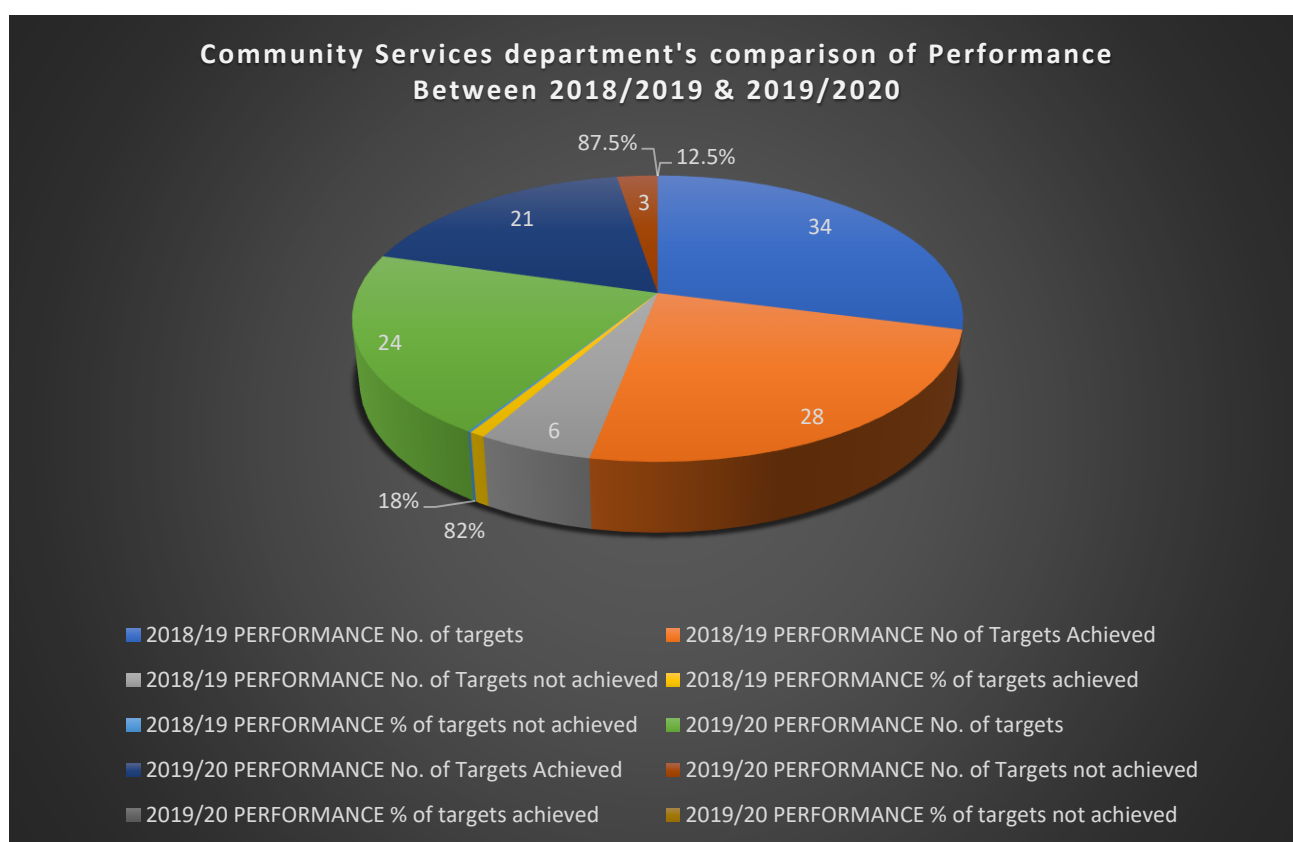


### 3.5 SOFT PROJECTS: COMMUNITY AND SOCIAL SERVICES PROJECTS

#### 3.5.1 COMMUNITY AND SOCIAL SERVICES DEPARTMENT NKPA: LOCAL ECONOMIC DEVELOPMENT

The overall score for the KPA is 87% for 2019/20, up by 5.5% from 2018/19.

2018/19 PERFORMANCE					2019/20 PERFORMANCE				
No. of targets	No. of Targets Achieved	No. of Targets not achieved	% of targets achieved	% of targets not achieved	No. of targets	No. of Targets Achieved	No. of Targets not achieved	% of targets achieved	% of targets not achieved
34	28	06	82%	18%	24	21	03	87.5%	12.5%



#### (a) COMPOSITION OF THE DEPARTMENT

The Community and Social Services Department with its units namely; Community Safety, Community Programs and LED and Tourism carried its functions within the following legal mandates and policy framework

- The Municipal Systems Act
- Municipal Structures Act
- Disaster Management Act 57/2002
- Municipal Finance Management Act

At the beginning of 2019/20, the Department had twenty-nine (29) set KPIs but these were later revised to twenty- four (24) Performance Targets during the Budget adjustment period. Out of the set Performance targets, only three (3) performance targets could not be achieved and

the reasons were associated with the Covid 19 Regulations that were set to address and mitigate the spread of Corona virus pandemic. Due to Covid 19 Regulations Special events and sports programmes had to be cancelled in Q3 and Q4. Some Forums could not sit due to the regulations set to mitigate the spread of Covid 19.

**(b) HIGHLIGHTS ON THE DEPARTMENT'S PERFORMANCE IN 2019 /2020**

- Handover of a four roomed house to the War-room profiled as most needy family at ward 7 during the Mandela day 2019/20 celebrations was one of the highlights for the Department.
- Procurement of and delivery of a Fire Response vehicle and delivery of a fire truck. These two resources will assist in ensuring that the anticipated Fire services unit is given attention it also addresses the preparations to strengthen the unit since the contract between Rural Metro and the Municipality has not been renewed.
- The Department through its strengthened partnership with EDTEA, DUT and Nemisa managed to recruit and select thirty- six (36) Youth who are currently trained on Digital skills. Such a programme responds to the 4<sup>th</sup> Industrial revolution which emphasizes the need for sharpened technological skills within our communities. The programme which was launched in January 2020, also responds to job creation as six of the youth who are the supervisors earn a stipend of R5500 and the 30 ambassadors earn a stipend of R3500 per month. Resources such as Laptops and smart cell-phones have been issued to the participants
- Again, the Department through its partnership with Umgungundlovu TVET managed to ensure a realization of the Municipal dream of bridging skills gap within the youth of Dr Nkosazana Dlamini Zuma. As a result of such a project, four hundred and forty-three (443) students are currently enrolled at Hlanganani TVET. The enrolment is as follows:
  - Business management = 127 students
  - Public Management =197
  - Early Childhood Development Level 4 = 69
  - Community Development Level 5 = 25
  - Bricklaying CHB = 25
- Upon realization of a gap in management of OSS, a motivation for creation and filling of such a post was lobbied for, and presented to the council for their adoption. The OSS officer position was filled before the end of the Financial year.
- Appointment of an LED Manager was also a highlight during this financial year

**(c) Below is a summary of targets that were achieved by the department during the year**

- Development of a disaster Management Sector Plan which was adopted by the Council
- Ten (10) Multi Sector Road blocks were conducted instead of a set target of six (6)
- A target of six (6) Computer Trainings was exceeded as eight (8) computer trainings were conducted
- To respond to the Covid 19 pandemic, the usual Integrated Community Safety Awareness Campaigns were revised to Covid 19 awareness campaigns. As a result of such campaigns, the Dr Nkosazana Dlamini Zuma LM has a significant low rate of infections compared to other LMS within the District.
- A new target which also responded to Covid 19 was met i.e. sanitization of Public spaces and Public buildings.
- Thirty (30) Lightning Conductors were procured and installed in the 15 wards

- All- important Forums were properly coordinated except during Q3 when the Covid 19 pandemic was declared a state disaster and Lockdown was pronounced by the President.
- Twenty five (25) Jockeys, twenty five (25) Artists and eighteen (18) sport coaches were trained instead of ten (10) jockeys, 1(0) sport coaches and six (6 ) artists
- Seventy-three (73) SMME members were trained on various skills like Business Administration, Tour Guides training etc
- Twenty-Five SMMEs were supported with material
- Partnership with EDTEA, SEDA and other TVET colleges

#### **(d) CHALLENGES**

<b>Challenge</b>	<b>Possible Solutions</b>
Staff turnover within the Traffic Unit	<ul style="list-style-type: none"> <li>• Fast-tracking of filling of Vacant Tourism Office positions by HR Unit</li> <li>• Job Evaluation results to be communicated to staff and implemented once received</li> <li>• Request of RTI to extend their area of jurisdiction to our areas</li> </ul>
Alleged Fraud & Corruption within the Traffic unit	<ul style="list-style-type: none"> <li>• Installation of CCTV cameras within the centre</li> </ul>
Delays by Human Settlements to attend to Housing needs caused by Disasters	<ul style="list-style-type: none"> <li>• The municipality will work closely with other government entities to strengthen IGR</li> </ul>
Unmet targets due to Covid 19 Lockdown regulations	<ul style="list-style-type: none"> <li>• Substitute programs to be implemented where necessary or other methods of implementing the projects will be devised</li> </ul>
SCM processes have hindered the implementation of some KPIs	<p>Procurement plans , specifications to be submitted in Q1.</p> <p>Panel of Service providers for certain items</p>

#### **(e) PERFORMANCE TARGETS THAT WILL NEED MORE FOCUS IN FUTURE**

- The Rail Tourism- consultation with the Municipal Contracted Lawyers on the existing agreements on rail Tourism and management of the steam train
- Monitoring of LED projects – at least once a quarter visits should be made by the Portfolio committee members , Community services managers and the LED officials to monitor and promote sustainability of the funded projects
- Development and adoption of the SMME policy by the Council
- Development and adoption of the Hall Management policy by the Council
- Revisiting and revision of the LED strategy
- OSS workshop to be implemented on Level 2 Lockdown period

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### 4.1 National Key Performance Indicators

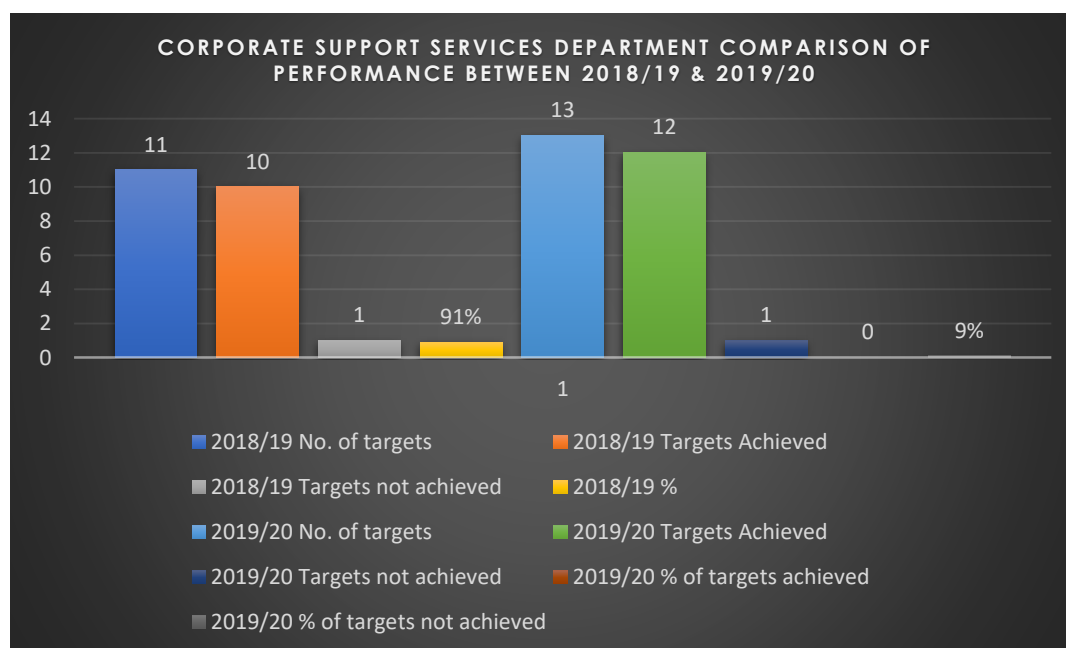
Table 4.1 indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These KPIs are linked to the KPA – Municipal Transformation and Organisational Development.

#### CORPORATE SUPPORT SERVICES DEPARTMENT: NKPA: GOOD GOVERNANCE

The following information details the summary of performance of the department in 2019/20. The overall score for the KPA is 92.3% for 2019/20 and is up by 1.3% from 2018/19.

2018/19				2019/20				
No. of targets	Targets Achieved	Targets not achieved	%	No. of targets	Targets Achieved	Targets not achieved	% of targets achieved	% of targets not achieved
11	10	01	91%	13	12	01	92.3%	9%

#### GRAPHICAL PRESENTATION OF THE DEPARTMENT'S PERFORMANCE IN COMPARISON TO THE PREVIOUS FINANCIAL YEAR



#### (a) The Corporate Support Services Department performance highlights during 2019/20 financial year

- Recruitment and Selection Section provided adequate human capital through the filling of 160 EPWP positions during the 2019/2020 financial year.
- 27 Human Resources and 07 ICT policies were approved by Council and also circulated to all
- Human resources was able to establish a vibrant OHS Committee

- Human resources was also able to draft a policy on Individual Performance Management and was presented to the Management Committee and it would further be presented to the Local Labour Forum, Exco and subsequently to Council.
- Human Resource Management developed an HR Plan and HR Strategy which were reviewed by Council with other Human Resources policies.
- A total number of **57** employees were assisted by EAP.

Table 4.1: Employment Equity target groups

KPA & INDICATORS	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2015/16	2017/18	2018/19	2019/20
The number of people from employment equity target groups employed in the three highest levels of management in compliance with the Municipality's approved Employment Equity Plan	0	5	3	3
The percentage of the Municipality's budget actually spent on implementing its Workplace Skills Plan	86.46	86.35	100%	100%

#### PROGRESS ON THE ON-GOING JOB EVALUATION & CASCADING OF PERFORMANCE MANAGEMENT TO LOWER LEVELS

The municipality is in the process of finalising its Job Evaluation Process, this is done at a provincial level with other municipalities within the province as well as Cogta and SALGA. Preliminary results of the Job Evaluation were presented to the Extended Management Committee in February 2020. The Management is further analysing whether the results of the Job Evaluation should be implemented or whether the municipality should apply for exemption due to financial constraints. The draft policy on the cascading of PMS to lower levels has been drafted and presented to the Management Committee. SALGA has also workshopped the municipal leadership on the importance of cascading PMS to levels below Section 56 Employees. The implementation is planned to commence on 01 July 2021 as per the recommendations of SALGA-KZN.

The following tables contain important information on promotions, termination of services and leave management during the 2019/20 financial year:



APPOINTMENT REGISTER FOR DR NKOSAZANA DLAMINI ZUMA DISTRICT MUNICIPALITY										
MONTH AND YEAR	INITIALS	SURNAME	DATE ENGAGED	JOB TITLE	GENDER	RACE	AGE	DISABILITY	NATURE OF APPOINTMENT	CONTRACT END DATE(if applicable)
Aug-19	N	HOLIWE	01/08/2019	SCM MANAGER	F	A	31	NONE	PERMAMENT	PROMOTED FROM SCM OFFICER
Mar-20	TM	Ngcobo	01/03/2020	SCM Officer	M	A	36	NONE	Permanent	Promoted from SCM Clerk

However it must be noted that all recruitment processes were conducted for the above appointments however they are recorded as promotions due to the fact that both of the above were internal employees/ candidates.

The table below depicts that 04 employees were dismissed during 2019/20 financial year. All labour relations processes were followed before all dismissals. Eight employees resigned during the financial year and pay-outs of their remunerations were done by the human resources unit. Three employees' services were terminated due to being deceased and only one employee retired due to ill-health. It must be noted that Injury on Duty cases none were reported for 2019/2020 financial year.

DEPARTMENT/ SECTION	TYPE OF TRANSGRESSION	FINDING	SANCTIONS IMPOSED
Corporate Services	Theft	Guilty	Dismissed
Traffic	Misrepresentation of Facts	Guilty	Demoted
Library Services	Absenteeism	Guilty	Dismissed
Public Works	Absenteeism	Guilty	DISMISSED

ITEM NO.	TERMINATION REGISTER FOR DR NKOSAZANA DLAMINI ZUMA DISTRICT MUNICIPALITY									
	MONTH AND YEAR	INITIALS	SURNAME	DATE TERMINATED	JOB TITLE	Termination Reason	GENDER	RACE	AGE	DISABILITY
1	Jul-19	MM	NZIMANDE	31/07/2019	GENERAL ASSISTANT	Deceased	M	A	55	NONE
2										
3	Aug-19	TM	SHEZI	31/08/2019	GENERAL ASSISTANT	Ill Health Retirement	M	A	58	NONE
4										
5	Sep-19	None								
6										
7	Oct-19	TJ	Coles	18/10/2019	Clerk: Town Planning	Deceased	F	C	42	NONE
8										
9	Nov-19	N	Wela	30/11/2019	Fin Consultant	Resigned	M	A	31	NONE
10		P	MTOLO	27/11/2019	LICENSING SUPERVISOR	Dismissed	F	A	41	NONE
11		GT	NKWE	27/11/2019	CASHIER	Dismissed	M	A	38	NONE
12		MR	DUMA	27/11/2019	EXAMINER	Dismissed	M	A	42	NONE
13		LA	LANGA	30/11/2019	TRAFFIC OFFICER	Resigned	M	A	35	NONE
14		AR	SMITH	08/11/2019	SENIOR TRAFFIC OFFICER	Resigned	M	C	38	NONE
15										
	Dec-19	SV Mtolo	Mtolo	31/12/2019	Senior Special Programmes Officer	Resigned	M	A	50	YES
1										
16	Jan-20	S	Bekwa	13/01/2020	Librarian	Resigned	M	A	32	NONE
17		FX	Khumalo	30/01/2020	Receptionist	Dismissed	M	A	32	NONE
18										
19	Feb-20	MT	Mshibe	29/02/2020	Traffic Officer	Resigned	M	A	35	NONE
20		S	TSHEZI	29/02/2020	Caretaker	Deceased	M	A	28	NONE



21	Mar-20	S	Luzipho	31/03/2020	Traffic Officer	Resignation	F	A	29	NONE
22		L	Nxele	31/03/2020	Traffic Officer	Resignation	F	A	35	NONE
23	Apr-20	E	West	30/04/2020	Internal Audit Manager	Retirement	M	W	65	NONE
24		IT	KHESWA	30/04/2020	Licensing Cashier	Dismissed	F	A	32	NONE
25	May-20	BP	Maphanga	31/05/2020	General Assistant	Retirement	M	A	65	NONE
26	Jun-20	ZC	Makauluza	30/06/2020	Traffic Officer	Resignation	F	M		NONE

Leave Management Report for 2019/20 FY		
Type of Leave Taken	Level of occupation	Number Leave days taken
Sick Leave	Senior Managers	02
	Middle Management	04
	Officer Level	118
	Clerical Positions	161
	General Workers	03
	<b>Total</b>	288
Annual Leave	Senior Managers	62
	Middle Management	231
	Officer Level	631
	Clerical Positions	1 092
	General Workers	876
	<b>Total</b>	292
Maternity Leave	Senior Managers	0
	Middle Management	0
	Officer Level	02
	Clerical Positions	03
	General Workers	0
	<b>Total</b>	05
Paternity Leave	Senior Managers	0
	Middle Management	0
	Officer Level	0
	Clerical Positions	0
	General Workers	0
Study Leave	Senior Managers	0
	Middle Management	0
	Officer Level	0
	Clerical Positions	0
	General Workers	0
<b>Total</b>		578

## 4.2 COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

The Municipality currently employs 213 officials (including non-permanent positions), who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of the Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

### 4.2.1 Employment Equity targets/actual

Table 4.2: Employment Equity targets/actual 2019/2020 FY

RACE	TARGET	ACTUAL
African	195	197
Coloured	11	3
Indian	1	0
White	8	4

GENDER/DISABILITY	TARGET JUNE	ACTUAL JUNE 2019/20
Male	110	115
Female	87	88
Disabled	1	2

### 4.2.2 Total workforce/posts and employees with disabilities

Table 4.3: Total workforce/posts and employees with disabilities by race and gender for 2019/20 financial year

TARGET GROUP RACE & GENDER	LEVEL OF REPRESENTATION REQUIRED WORKFORCE	PERCENTAGE OF WORKFORCE (%)	LEVEL OF REPRESENTATION DISABILITY
African female	84	41,17%	1
African male	114	55,88%	1
Coloured female	2	0,98%	0
Coloured male	1	0,49%	0
Indian female	0	0	0
Indian male	0	0	0
White female	2	0,98%	0
White male	1	0,49%	0
<b>TOTAL</b>	<b>204</b>	<b>100%</b>	<b>2</b>

#### 4.2.3 Employment Equity for top management (Section 56 and 54)

Table 4.4: Employment Equity for top management (Sections 56 and 54) by race and gender for 2019/2020 financial year

TARGET GROUP RACE & GENDER	LEVEL OF REPRESENTATION REQUIRED WORKFORCE	PERCENTAGE OF WORKFORCE (%)
African female	1	20%

TARGET GROUP RACE & GENDER	LEVEL OF REPRESENTATION REQUIRED WORKFORCE	PERCENTAGE OF WORKFORCE (%)
African male	4	80%
Coloured female	0	0%
Coloured male	0	0%
Indian female	0	0%
Indian male	0	0%
White female	0	0%
White male	0	0%
<b>TOTAL</b>	<b>5</b>	<b>100%</b>

#### 4.2.4 Organogram and vacancy rate

The approved organogram for the Municipality had 236 posts for the 2019/20 financial year. The organogram is an organizational chart displays the internal structure or hierarchy within the organization, it is a representation of different relationships amongst functions, departments ,teams as well as individuals.

The actual positions filled are indicated in Table 4.5 by functional level.

*Table 4.5: Number of filled posts per functional level*

PER FUNCTIONAL LEVEL		
FUNCTIONAL LEVEL	FILLED	VACANT
Municipal Manager	13	2
Corporate Services	28	1
Community Services	48	11
Budget & Treasury Office	27	4
Infrastructure, Planning & Development	92	3
Town Planning Development	5	2
<b>TOTAL</b>	<b>213</b>	<b>23</b>

#### 4.3 COMPONENT B: Managing municipal workforce

1. HR Policies they provide structure, control, consistency, fairness and reasonableness in the management of workforce within the organisation. They also ensure compliance with employment legislations and inform employees of their responsibilities and organisation's expectations.

Table 4.6: HR policies approved during the 2019/20 financial year

POLICIES	APPROVAL DATE
Overtime Policy	30/05/2019
Introduction for New Employees Policy	30/05/2019
Leave Policy	30/05/2019
Occupational Health and Safety Policy	30/05/2019
Succession Planning Policy	30/05/2019
Subsistence and Travelling Policy	30/05/2019
Termination of Service Policy	30/05/2019
Recruitment and Selection Policy	30/05/2019



POLICIES	APPROVAL DATE
Training and Development Policy	30/05/2019
Telephone Policy	30/05/2019
Study Assistant Policy	30/05/2019
Smoking Policy	30/05/2019
Acting Allowance Policy	30/05/2019
Attractive and Retention Policy	30/05/2019
Bereavement Policy	30/05/2019
Code of Conduct Policy	30/05/2019
Disciplinary Policy	30/05/2019
Dress Code Policy	30/05/2019
Employment Equity Policy	30/05/2019
HIV/Aids Policy	30/05/2019
Internship, Inservice Training and Learnership Policy	30/05/2019

POLICIES	APPROVAL DATE
Substance Abuse Policy	30/05/2019
Staff Code of Conduct	30/05/2019
Long Services Award Policy	30/05/2019

#### 4.4 COMPONENT C: Capacitate municipal workforce

In accordance with the National Treasury: Local Government: Municipal Finance Management Act, Act 53 of 2003, Competency Regulations, progress in Dr Nkosazana Dlamini Zuma Local Municipality's financial competency development is as follows.

Table 4.7: Progress report on financial competency development

DESCRIPTION	TOTAL NUMBER OF OFFICIALS EMPLOYED BY Dr NKOSAZANA DLAMNIN ZUMA LM	TOTAL NUMBER OF OFFICIALS WHOSE COMPETENCY ASSESSMENTS HAVE BEEN COMPLETED	TOTAL NUMBER OF OFFICIALS WHO MEET PRESCRIBED COMPETENCY LEVEL	TOTAL NUMBER OF OFFICIALS WHOSE PERFORMANCE AGREEMENTS COMPLY WITH REGULATION 16
<b>Financial Officials</b>				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	3	2	2	3
Other Officials	198	24	24	5
<b>Supply Chain Management Officials</b>				
Supply Chain Manager	1	1	1	—
Other Officials				—
<b>TOTAL</b>	<b>204</b>	<b>28</b>	<b>28</b>	<b>5</b>

*It should be noted that Dr NDZ has achieved 99% on the above National Treasury Competency requirement in that all Senior and most Middle Management have obtained their MFMP qualifications*

Table 4.8: Qualification profile for leadership, governance and managers for 2019/20 financial year

PERSONNEL	BELO W NQF1	NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF 7	NQF8	NQF9
Mayor					1					
Councillors				1	22	4	1			
Municipal Manager										1
Corporate Services									1	
Budget & Treasury									1	
Community Services								1		
Public Works and Basic Services								1		
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>22</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>3</b>	

Table 4.9: Skills profile of employees for 2019/20 financial year

DESCRIPTION	TOTAL NUMBER	TOTAL PERCENTAGE (%)
Managers & Professionals	42	20,58%
Artisans/Technicians	29	14,21%
Clerical Support	33	16,17%
Service & Sales	16	7,84%
Plant & Machine Operators	19	9,31%
Elementary Occupations	65	31,86%
<b>TOTAL</b>	204	100%

**Table 4.10: Qualification profile for employees for 2019/20 financial year**

#### 4.4.1 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. Dr Nkosazana Dlamini Zuma Local Municipality conducts its training through the Work Place Skills Plan. The municipality's goal is to provide quality training and development to transform NDZ into a competent workforce by fostering a culture of achievement and excellence. This is done through the municipal budget as well as through grant funding, SALGA, LGSETA, COGTA, Department of Arts and Culture, Sports and Recreation, etc.

The following table depicts the number of staff who were awarded bursaries and training and development programmes to further enhance their skills:

STAFF TRAINED IN THE 2019/2020 FINANCIAL YEAR				
	Skills Programs	No of Staff	Bursaries	No of Staff
1.	Customer Care Training	16	Bachelor of Arts 2 <sup>nd</sup> Year	1
2.	First Aid Training	14	Bachelor of Commerce in Law 2 <sup>nd</sup> Year	3
3.	Project Management Training	6	Public Administration 2 <sup>nd</sup> Year	1
4.	Occupational Health & Safety Level 1	11	Advanced Diploma in Finance Management 1 <sup>st</sup> Year	4
5.	Libraries Liasa Conference	2	Master of Information Studies 2 <sup>nd</sup> Year	1
6.	Cigfaro Conference	2	Post Graduate Diploma in Labour Relations	1

7.	South African Cemeteries Association Workshop	1	Disaster Management	2
8.	Municipal Finance Management Programme	3		
9.	Registry Training	8		
10.	Gapskill Training	2		
11.	Performance Management Training	3		
12.	Performance Management Workshop	3		
13.	Performance Management Seminar	3		
14.	KHAEDU Methods and Perspectives	1		
15.	Coaching for Leadership and Development	1		
	<b>Total</b>	<b>76</b>		<b>13</b>

*Dr NDZ Municipality prides itself for providing trainings to 76 employees above 60 which was a targeted number for the year 2019/20, also by providing 13 bursaries to employees to capacitate themselves and increasing skills level and knowledge in the municipality.*



## 4.5 COMPONENT D: Managing municipal workforce expenditure

### 4.5.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects current and future efficiency. Table 4.11 illustrates the percentage of the municipal budget that was spent on salaries and allowances for the past two financial years and the Municipality is well within the national norm of between 35 to 40%.

Table 4.11: Personnel expenditure (excluding councillors)

FINANCIAL YEAR	TOTAL EXPENDITURE – SALARIES & ALLOWANCES	TOTAL OPERATING EXPENDITURE	PERCENTAGE (%)
2014/15	R28 725 035	R81 357 207	35%
2015/2016	R29 385 945	R85 039 899	43%
2017/2018	R 50 653 607	R 138 678 371	36.53%
2019/20	<b>R 71 784 529</b>	<b>R 168 482 453</b>	<b>43%</b>

## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A

#### **STATEMENT ON THE FINANCIAL PERFORMANCE**

The purpose of this section is to report on the financial performance of the municipality for the 2019/20 financial year. The detailed Annual Financial Statements (AFS) is a separate volume to the Annual Report. The Budget and Treasury office consists of five units namely:

- ❖ Supply Chain Management
- ❖ Expenditure Management
- ❖ Revenue Management
- ❖ Fleet Management
- ❖ Asset Management

#### **Assessment of taxes and arrears**

As at 30 June 2020, consumer debtors of R 67 765 290 were impaired and provided for. The municipality used the “*Accounts Receivable Aging Method*” to estimate the allowance for doubtful accounts. The method assumes that the older a credit sale is, the less likely it is that the customer will pay up. The logic behind the aging method is that a business with older accounts receivable will incur more bad debts. To calculate a debt provision using the aging method, the municipality sorted accounts receivables by age and multiplies each group by a predetermined rate. However, it must be noted that it is quite difficult to derive a forecast of bad debts, since a number of variables impact the ability of a customer to pay an invoice, and those variables are difficult to anticipate. The municipality has estimated the amount of bad debt by guesstimating which specific debt aging will not be paid. The total provision amounted to R 25 634 492.

## Debtors Extract

<b>Rates</b>	<b>30-Jun-20</b>		<b>30-Jun-19</b>
Current (0-30 days)	2 584 745.69		2 163 086
31-60 days	1 936 464.24		1 721 025
61-90 days	1 738 402.56		1 530 417
91-120 days	1 623 300.79		1 142 639
>121 days	51 145 665.19		38 142 692
	<b>59 028 579</b>		<b>44 699 859</b>
<b>Refuse</b>			
Current (0-30 days)	301 323.89		278 544
31-60 days	232 966.87		214 093
61-90 days	208 319.67		165 077
91-120 days	194 334.12		135 056
>121 days	6 305 609.69		5 076 813
	<b>7 242 554</b>		<b>5 869 584</b>
<b>Rental</b>			
Current (0-30 days)	58 340.50		-18 287
31-60 days	15 809.78		16 959
61-90 days	15 809.78		16 692
91-120 days	15 809.78		16 692
>121 days	624 157.98		497416
	<b>729 928</b>		<b>529 471</b>
<b>Sundry</b>			
Current (0-30 days)	22 991.44		28 895
31-60 days	49 589.23		28 895
61-90 days	49 589.23		28 895
91-120 days	36 406.30		28 895
>121 days	605 652.26		444 000
	<b>764 228</b>		<b>559582</b>
<b>Sundry Debtors</b>			
>121 days	2,400.00		2,400.00
	<b>2,400.00</b>		<b>2,400.00</b>

Efforts have been made through CoGTA and Provincial/National Treasury to recover the Government outstanding debt. The municipality is in a process of finalizing the implementation of online service where all customers will be able to view and pay their accounts online upon registration. The municipality is still dependent on grants. Revenue enhancement plan has been developed.

## COMPONENT B

### SPENDING AGAINST CAPITAL BUDGET

#### Assets and Infrastructure

Asset management is central to providing the required services in a cost-effective, efficient and transparent manner. The asset management plans to continue and maintain a high standard to ensure:

- ❖ The effective and efficient control, utilization, safeguarding and management of municipal assets.
- ❖ Compliance with all relevant standards, policies and procedures relating to property, plant and equipment.
- ❖ The implementations of the MFMA, specifically, section 63 and the principles in accordance with GRAP standards.
- ❖ The valuation of assets, and the establishing and maintaining systems of internal controls over assets,
- ❖ The establishment and maintenance asset register and clarifying responsibilities and accountabilities for the asset management process.

The municipality adopted the cost model on accounting for their property plant and equipment. The Municipal Infrastructure Grant (MIG) allocation for 2019/2020 catered 7 road projects, 3 sports fields, 2 community halls, a creche and a business hive. The municipality has purchased its own Plant and Machineries to improve efforts in the delivery of infrastructure services.

#### CAPITAL SPENDING ON 5 LARGEST PROJECTS

Name of the project	Original Budget	Actual Expenditure	Percentage Spent
Masameni sport field	8 083 759	9 044 813	11%
Dumabezwe sport field	7 561 313	7 470 229	98%
Mqulelwa sport field	7 564 603	6 527 716	86%
Himeville asphalt road	4 007 550	4 499 585	112%
Underberg taxi rank	4 238 746	4 479 423	105%

<b>Projects with the highest capital expenditure</b>	
<b>Name of the project</b>	<b>Bhidla Housing Projects</b>
Objective of the Project	Construction of houses in ward 11
Delays	Housing Providing the municipality with the funds
Future challenges	No challenges.
Anticipated citizens benefits	The community will have access to housing
<b>Name of the project</b>	<b>Masameni sport field</b>
Objective of the project	Provision of sports facility
Delays	Not applicable
Future challenges	Cost of Maintaining the sports field
Anticipated citizens benefits	The community will be able use the sports facility
<b>Name of the project</b>	<b>Dumabezwe sport field</b>
Objective of the project	Provision of sports facility
Delays	Not applicable
Future challenges	Cost of Maintaining the sports field
Anticipated citizens benefits	The community will be able use the sports facility
<b>Name of the project</b>	<b>Mqulelwa sport field</b>
Objective of the project	Provision of sports facility
Delays	Not applicable
Future challenges	Cost of Maintaining the sports field
Anticipated citizens benefits	The community will be able use the sports facility
<b>Name of the project</b>	<b>Himeville asphalt road</b>
Objective of the project	Road network

Delays	Not applicable
Future challenges	Cost of Maintaining the road
Anticipated citizens benefits	The community will be able access schools & hospitals easily
<b>Name of the project</b>	<b>Underberg taxi rank</b>
Objective of the project	Public transport access
Delays	Not applicable
Future challenges	Cost of Maintaining the taxi rank
Anticipated citizens benefits	The community will be able access public transport easily

## REGULATION 32

Regulation 32(1) of the Municipal Supply Chain allows the accounting officer to procure goods or services for the Municipality or Municipal Entity under contract secured by another organ of state. No bid was awarded using regulation 32 during 2019/20 financial year.

## 7. REGULATION 36 DEVIATIONS

Date	Supplier	Details	Reason for deviation	Amount ®
23/07/2019	Wits business school	CPMD Student	Impractical to follow the SCM Processes	R232 000,00
18/07/2019	MAMRE Initiative (Pty) Ltd	Intensive sheep farming	Impractical to follow the SCM Processes	R 37 950,00
30/07/2019	Shemuntu and Sons	Unlock and clean septic tank for Creighton	Impractical to get quotations due to the fact that each service provider was going to charge us for assessment of blockage	R56 800,00
10/09/2019	Pirtek Fluid Transfer Solutions	Request for cattle body repair, hydraulic pipes	Animal truck with the reg. NIP 2403 broke down on a freeway	R7 008,54



		and hydraulic cylinder repair for NIP 2403	road near PMB causing obstruction and it was early in the morning around 6:30 am & Pirtek was the only company that was available at the time.	
01/10/2019	Salga Kwa-Zulu Natal	Stand for crafters exhibition at Salga KZN	This is the provincial event organised for SALGA KZN members assembly and being hosted by the NDZ since it a provincial event it is a better opportunity for the local exhibition to market their products, we therefore request stand for exhibition.	R15 000,00
29/10/2019	Truvelo Manufacturers	Service to calibrate the lase-distance site	Truvelo Manufacturers is the the only service provider who calibrate the lase-distance site	R4 017,79
11/10/2019	KZN Fashion Council	Hire of AFXIA exhibition stand	Request for the exhibition stands at the Africa connect exhibition show. This is the only show taking place in KZN for the exhibition of fashion, craft, music etc. that is co-ordinated by KZN fashion council. It will be taking place for three days for 17-19 October	R4 370,00

			2019 at Greyville Convention Centre Durban.	
22/10/2019	Underberg Auto Centre: Out There	Wiring & Tow hitch repair on tractor - NUD 2131	The tractor trailer broke down & broke the tow hitch while on the load and it is obstructing the access roads an Out There Services is the only service provider that can repair it.	R 6 261,75
23/10/2019	Afunyenwe Construction & Projects	Damages worked at TVET college	Request for service provider to do maintenance at TVET college. The building was maintained very well after that there was a storm & the building was damaged. This was the serious matter that why we request for deviation it gonna take more time if we go for tender the quickest way was to get quotations. There was also a vandalism and theft caused by the community. The stom was on September 2019	R198 740,00
08/01/2020	Kwezi and Samkelo	4 x Non-flushable toilets for 3 days	The procurement was done during December holidays and the SCM unit was closed and	R49 992,00

			toilets were needed as a matter of urgency due to immigrants that were leaving for Lesotho. Honey sucker service providers were closed and toilets were broken.	
09/04/2019	Bowlers Panel Beaters	Repair of vehicles: NIP 2137, NIP 2348, NIP 700, NIP 2341, NIP 1370 and NIP 2015 due to the damages made during a community protest.	The vehicles were damaged during the protest and some service providers were not available. Bowlers Panel beaters was the only service provider nearby, it will be too costly to take each vehicle to other panel beaters which are for assessments. The vehicles need to be repaired ASAP for delivery purposes. It is the cost ineffective to get out from different panel beaters as there will be changing assessment costs. It was impractical to get three quotations.	R160 556,82
26/02/2020	Igoda Projects PTY LTD	Implementation of Electrification Project 275 Connections PWBS-001/18/19	the previous service provider failed to complete the work was terminated and the project was in partial	R2 867 478,47

			completion stage. Therefore, it was impractical to follow the competitive bidding process, due to the fact that there is material on site that could be danger to the community.	
26/02/2020	Splenda Electrical	Implementation of Electrification Project 275 Connections PWBS-002/18/19	the previous service provider failed to complete the work was terminated and the project was in partial completion stage. Therefore, it was impractical to follow the competitive bidding process, due to the fact that there is material on site that could be danger to the community.	R2 999 930,46
23/03/2020	Motaung Painting & Cleaning	Purchase of sanitizer bottles	Due to the emergency imposed on the country by the outbreak of COVID 19 it was impossible to follow the SCM process. Our service provider for cleaning materials and the ones on the transversal contract had all run out of stock, hence this deviation	R76 000,00

13/05/2020	Camble Health	Health practioner to screen employee for covid 19	Emergency work-level 4 lockdown required some employees return to work	R 118 000,00
15/05/2020	Go Mobile Projects (PTY) LTD	Medical PPE: 100 x goples, 100(M) & 200(L) x Examination hand gloves (non-sterile), 20 x digital thermometers, 100(M) & 100(L) cover suits-disposable and 100 x visors (face shield)	PPE order was urgent and we had to deviate from SCM processes (advertising) for 14 days but 3 quotations were received.	R81 237,00
23/03/2020	Button & O'Connor Inc.	Subdivision and Rezoning of a portion of the remainder of Townlands of Himeville no.15987	The agreement between the Municipality and Forsyte(land owner) in 38 page 5 state that both parties shall jointly appoint the surveyor who shall be responsible for surveying and in 1,14 state that the surveyor will be Button and O'connor. The reason of deviating because the Municipality will benefit more as the as the agreement state that both parties will share the service provider and costs which was	R128 394,90

			already been appointed.	
2019/2020	Underberg and Himeville taxi Association	Transport for community attending community function	Impractical to follow SCM process	R119 760,00
2019/2020	Bulwer and Donnybrook taxi Association	Transport for community attending community function	Impractical to follow SCM process	R527 000,00
30-Jun-20	October wind trading	Interior and soft finish for three rail cars	Impartial to follow the SCM process	R 300 000,00
30/06/2020	October wind trading	Interior on train sold	Impartial to follow the SCM process	R 336 336,00
29/06/2020	Camble Health	Health practitioner to screen works for Covid 19 symptoms	Emergency Work- level 4 lockdown required some employees return to work screened for covid 19	R 118 000,00
	Amahlethando PTY LTD	Live interview for 2020/2021 IDP and budget	Emergency due to COVID 19 the Municipality couldn't conduct IDP/Budget then used live interview on radio.	R 219 682,43
<b>Total Amount</b>				<b>R 8 013 180</b>

## 8. SPEND ANALYSIS

Range of procurement	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Annual Total



Petty Cash R 01 to R 2 000,00	R 91 578,62	R 64 875,03	R 34 242,00	R 11 000,36	R 201 696,01
Written Quotation R 2 000,00 to R 5 000,00	R 281 472,07	R 200 508,78	R 160 331,74	R 40 414,29	R 682 726,88
Forma written Quotation R 5 000,01 to R 30 000,00	R 2 992 910,01	R 1 933 665,25	R 1 598 679,55	R 1 864 393,33	R 8 389 648,14
Tender and Quotation	R 8 417 694,92	R 23 822 143,42	R 35 883 294,64	R 7 607 772,89	R 76 105 992,62
Fuel orders	R 6 600,00	R 13 990,00	R 68 406,80	R 22 825,00	R 111 821,80
Funeral orders	R 21 000,00	R 15 000,00	R 25 500,00	R 12 000,00	R 73 500,00
Irregular expenditure	R 0,00	R 0,00	R 297 041,90	R 6 190 892,84	R 6 487 934,74
Fruitless & Wasteful Expenditure	R 0,00	R 0,00	R 5 413,35	R 2 449,68	R 7 863,03
Deviation	R 332 867,54	R 228 389,54	R 6 153 957,75	R 327 631,90	R 8 459 516,16
Transversal Contract	R 0,00	R 0,00	R 0,00	R 2 499 849,34	
<b>Total amount</b>	R 12 144 123,16	R 26 278 572,02	R 44 226 867,73	R 8 265 135,77	R 91 493 807,38

#### 9. QUOTATION AWARDS MADE BETWEEN R 30 000,00 TO R 200 000,00 (01<sup>st</sup> July 2019 to June 2020)

BIDDER NAME	DESCRIPTION	AMOUNT ®
Tradewind Maintenance & Supply	Supply and delivery of Lightning Conductors	R 153 525,00
Human Scale Printers (PTY) LTD	Supply and delivery of Diaries and Calendars	R 95 722,09
DOH Enterprise cc	Supply & Delivery of Mayoral Chain	R 60 189,85
Mjadu Contractors	Supply & Delivery of Indigenous Goats	R 50 600,00
SomayokaTrading	Supply and delivery of Cane weaving	R 200 000,00
Ceeyes Institute of Fashion PTY LTD	Supply & Deliver 284 Library Study Guides	R 77 680,00

Kgolo Business Trust t/a Kgolo Institute	Training of SMME's & Co-Operatives in Business Administration	R 181 125,00
Madlobongwana Projects	Supply and delivery of Four Blocks Making Machine`	R 136 000,00
Drager (PTY) LTD	Supply & Delivery of self-container breathing apparatus (SCBA)	R 49 450,00
Total Computer service (PTY) LTD	Supply & Delivery of Traffic road block trailer	R 197 000,00
Khwezi and Samkelo (PTY) LTD	Supply & Delivery of fire beaters knapsack tanks	R 34 000,00
Ka-Maphatha Consulting and Developments cc	Service Provider to Conduct Occupational Health & Safety Training (14 employees). COMM-Q019/19/20	R 20 860,00
Akhona Skills Fountain & Trading cc	Service Provider to Conduct Customer Care Training (38 employees). CORP-Q020/19/20	R 148 200,00
Rural Metro Emergency Management Services (PTY) LTD	Service Provider to Conduct First Aid Training Level 3 (14 employees). CORP-Q016/19/20	R 53 774,00
Ceeyes Institute of Fashion	Supply of 145 school uniform vouchers for back to school campaign	R102 880,00
Ceeyes Institute of Fashion	Training and Development of fashion models (30)	R 89 490,00
Impilo 4 x 4 Driving Training	Advince driving training for 4 employees	R 62 100,00
Mabhaghana Construction	Renovation of Mjila Community Hall	R 100 000,00
Vanguard fire and safety Inland	Supply and Delivery of Structural fire fighting Suit Uniform	R 76 986,75
Mbuyisi Holdings	Supply and delivery of laptops	R 46 500,00
Zen T Creation (Pty) Ltd	Supply and delivery of reusable face mask	R 27 800,00
Ekaya Group	Supply and delivery of furniture	R 127 269,35
JBN and associates	Review of Annual Financial Statement	R 88 700,00
Electrotech Electrical contractor	Supply and delivery of 1 positive pressure ventilation Blower	R 106 936,08
BDO Advisory services	Review of Annual Performance Report	R 133 400,00
<b>Total</b>		<b>R 2 420 188,12</b>

#### 10. BIDS AWARDS MADE BETWEEN ABOVE R 200 000,00 (01<sup>ST</sup> July 2019 to 30<sup>th</sup> June 2020)

BIDDER NAME	DESCRIPTION	AMOUNT ®
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FMA Engineering (Pty) Ltd	Design and project management for fire station	R 500 000,00
Sipho Glad	Upgrading of Undeberg taxi rank	R 4 452 464,78
Ikamva Consulting	Development of Environment Management Plan	R 482 310,00
Mobile Telecommunication Network	Provision of internet service	R 2 224 975,75
Sipho Glad	Design, oversee and Implement Donnybrook Asphalt roads	R 2 884 660,00
Igoda Project (PTY) LTD	Design & Implementation of Electrification Project PWBS-B001/19/20	R 2 577 795,15
Splenda Electrical JV Ps Nkonyeni Electrical & Instrumentation Engineering	Design & Implementation of Electrification Project PWBS-B002/19/20	R 2 661 989,08
Igoda Project (PTY) LTD	Design & Implementation of Electrification Project PWBS-B002/19/20	R 2 446 353,60
Magubane Plant and Contractors	Construction of Dumabezwe Sports field in ward 13	R 6 653 525,91
Lemalwa Trading	Construction of Masameni Sports field in ward 15	R 6 984 505,16
Green Door Landscape service	Provision of Horticultural service	R 931 500,00
Vexoscore (PTY) LTD	Supply and delivery of firefighting vehicle	R 1 459 982,50
Siyajuluka trading JV Ukwazi Home Development	Construction of Mqulela Sportsfield	R 6 989 060,32
Smart security service (Pty) Ltd	Provision of Security service	R 8 580 623,88
Majiki Construction	Construction of Solokohlo Community Hall in ward 1	R2 154 276,54
Majiki Construction	Construction of Bhidla Creche in ward 11	R2 174 075,81
WNA Consulting Engineers JV Mahlubi Transport	Construction of Underberg Asphalt Road Phase 2 (Turnkey Project)	R5 000 000,00
Bheku Angel Trading JV BG Mazongolo Construction	Construction of Gqumeni Creche in ward 7	R1 684 829,47
Sipho-Glad Construction JV Stoyi Consulting PTY LTD	Construction of Bulwer Asphalt Road Phase 6 (Turnkey Project)	R3 000 000,00
Siyajuluka Trading JV Ukwazi Home Development	Construction of Himeville Business Hives in ward 2	R4 634 603,60
Isibuko Development Planners	Review of spatial development	R 349 830,00
Rural Metro	Supply and delivery of rescue fire	R 381 116,90
Nduna Organization PTY LTD	Renovation of Mqulela Community Hall	R 348 736,00
Makize's Plumbing & Project	Renovation of Creighton Community Hall	R 386 588,51

Ngenzekile Construction & Projects	Renovation of Nkelabantwana Community Hall	R 308 704,00
Vunguza Enterprise PTY LTD	Renovation of Sonyongwane Community Hall	R 343 827,00
Ukwazi Home Development	Construction of Centocow Sportfield	R 2 669 470,54
Umhlaba Consultants	Proposal for Building plans information	R 420 000,00
<b>Total</b>		<b>R 73 685 804,50</b>

## 11. CONTRACT MANAGEMENT

### Existing contract

Service provider	Description	Duration of contact
Smart Sec	Provision of security services	24 Months contract

### New Contract

Service provider	Description	Duration of contact
Tunirmart Travel	Provision of Travel Agents	Three years contract
Luthuli Sithole Incorporation	Panel of Attorney's BTO-084/18/19	Three years contract
MC Ntshantshali Attorneys	Panel of Attorney's BTO-084/18/19	Three years contract
Mathew Francis Inc	Panel of Attorney's BTO-084/18/19	Three years contract
B&B Transport and Plant Hire	Panel of Construction Plant Hire	Three years contract
Aqua Transport and Plant Hire PTY LTD	Panel of Construction Plant Hire	Three years contract
Ekene Investments cc	Panel of Construction Plant Hire	Three years contract
Magubane Plant and Contractors	Panel of Construction Plant Hire	Three years contract
Kerush's Transport cc	Panel of Construction Plant Hire	Three years contract
Conan Construction cc	Panel of Construction Plant Hire	Three years contract
Fynns Construction and Developers	Panel of Construction Plant Hire	Three years contract
SSR Security cc t/a Mahlubi Transport & Plant Hire	Panel of Construction Plant Hire	Three years contract
Mathutha Trading	Supply & Delivery of Cleaning Material	Three years contract
Welcony Investments PTY LTD	Supply & Delivery of Refuse Bags	Three years contract
Enviroserv Waste Management	Removal of Waste from Himeville Transfer Station	Three years contract

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## 12. IRREGULAR EXPENDITURE

Name of the service provider	Description	Amount	Reason for Irregular
HSK Simpson & Partners	Subdivision of the Rem Farm FP159	R 101 602,50	Obtained less than three quotations
Onkamalanga Trading	Supply & Delivery of Community Traffic Uniforms	R 195 439,40	Obtained less than three quotations
Mvumeza Construction	Sicedeni community hall	R 834 625,00	Non-Compliance with local Content
Nqika Trading JV Ngethes	Gobhogobho Community Hall	R 421 948,51	Non-Compliance with local Content
Nqika Trading JV Ngethes	Gobhogobho Community Hall	R 216 634,25	Non-Compliance with local Content
Nqika Trading JV Ngethes	Gobhogobho Community Hall	R 315 467,54	Non-Compliance with local Content
Nqika Trading JV Ngethes	Gobhogobho Community Hall	R 229 485,54	Non-Compliance with local Content
Nkobhe JV Flexiline	Electrification Greater Nkumba	R 146 257,97	Non-Compliance with local Content
Nkobhe JV Flexiline	Electrification Greater Khukhulela	R 433 778,83	Non-Compliance with local Content
Nkobhe JV Flexiline	Electrification Amakhuze/Cabazi	R 223 434,66	Non-Compliance with local Content
Nkobhe JV Flexiline	Electrification Amakhuze/Cabazi	R 433 778,74	Non-Compliance with local Content
Igoda Projects	Electrification Eskhesheni	R 1 236 825,00	Non-Compliance with local Content
Igoda Projects	Electrification Eskhesheni	R 741 175,00	Non-Compliance with local Content
Igoda Projects	Electrification Eskhesheni	R 521 000,00	Non-Compliance with local Content
Lunentobeko Construction	Construction of Centocow taxi rank	R 297 802,22	BAC not properly constituted

Lunentobeko Construction	Construction of Centocow taxi rank	R 20 680,48	BAC not properly constituted
Capmed health	Health practioner to screen workes	R 118 000,00	Service of the state
<b>Total</b>			<b>R45 679 694</b>

### 13.LEASE AGREEMENTS

Non new Lease agreement for 2019/2020 financial year

### 14. FRUITLESS AND WASTEFUL EXPENDITURE

Service provider	Name of project	Amount	Reason for fruitless & wasteful expenditure
Eskom	Eskom interest charge	R 5 413,35	Eskom interest charge from 1 <sup>st</sup> July to 28 <sup>th</sup> February 2020
Eskom	Eskom interest charge	R 2 449,68	Eskom interest charge from 1 <sup>st</sup> March to July 2020
<b>Total</b>		<b>R7 863</b>	

### 15. TRANSVERSAL CONTRACT

Service Providers	Name of the projects	Amounts
Mercedes Benz	Supply and delivery of Panel van 116 CDI Vito white crew bus	R 611 200,00
Isipho Capital Motors	Supply and delivery of 2 double cabs	R 1 301 646,96
Isipho Capital Motors	Supply and delivery of 2 single cabs	R 587 002,38
<b>Total</b>		<b>R 2 499 849,34</b>

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

### Cash and Investments balances as at 30 June 2020

There is an increase of cash and cash equivalents as a result of the addition in Equitable received due to Covid-19. No account was held as security in the last six (6) months. Investment portfolio (fixed deposit) have been diversified to reduce the investment risk across four major banks i.e. FNB, Ned bank, Investec and STD bank.



<b>Account</b>	<b>Amount</b>
FNB	38 618 082.14
NED BANK	35 945 456.92
INVESTEC	45 928 093.28
STANDARD BANK	82 677.92
PRIMARY ACCOUNT	3 631 159.74
<b>Cash and Cash Equivalent</b>	<b>124 205 470</b>

**Allocation of Grants and Receipts -2019/20 Financial Year**

<b>Name of Grant</b>	<b>Budget 2019/2020</b>	<b>Actual Received</b>	<b>Percentage Received</b>
Integrated National Electrification	8000 000,00	8000 000,00	100%
Financial Management Grant	3 000 000,00	3 000 000,00	100%
Municipal Infrastructure Grant	27 149 000.00	27 149 000.00	100%
Equitable Share	125 869 000.00	125 869 000.00	100%
Provincial of Libraries	2 640 000.00	2 514 000,00	100%
Community Library Services Grant	1 017 000,00	950 000,00	100%
Expanded Public Works	2 381 000,00	1 596 000,00	100%
Building Plans Management System	500 000.00	500 000.00	100%
Arts and Culture Grant	6 500 0000.00	R 6 500 000.00	100%
Disaster Management Grant	745 000.00	745 000.00	100%
<b>TOTAL</b>	<b>177 801 000.00</b>	<b>177 801 000.00</b>	<b>100%</b>

**SECTION D**

**OTHER FINANCIAL MATTER**

Dr Nkosazana Dlamini Zuma Local Municipality spent 89% of its operational budget at the end of June 2019

Description	2019/2020 Final Budget	As at 30 June 2019	Percentage
Operating expenditure	R 116 463 636	R 97 899 447	84%

#### **Expenditure on staff salaries and remuneration for councillors**

Description	2017/2018 Original Budget	As at 30 June 2018	Percentage Spent
Employee related Costs	R60 690 318	R 60 266 406	99%
Councillors Remuneration	R 12 627 427	R 11 597 582	91%

#### **Employee Related Costs**

The employee related costs are sitting at 32% of the operating budget.

#### **Councilors Remuneration**

The remuneration for Councilor's expenditure was sitting at 91% as at the end of June 2020

#### **SCM POLICY AND PROCEDURES**

SCM Policy was reviewed and adopted for the 2018/2019 financial year as per Treasury Regulation.

#### **DELEGATION**

The intention of the delegation register is to ensure that adequate segregation of duties and internal controls are instituted and maintained in the SCM environment. SCM delegations are in place and signed by all delegated parties.

#### **FUNCTIONING OF SCM UNIT AND DECLARATION OF INTEREST BY SCM PERSONNEL**

To ensure that the municipality is not engaged in business with its own staff and Councillors declaration of interest were signed by both parties within the municipality as this remain an annual practice within the organization.

#### **FUNCTIONING OF THE BID COMMITTEE**

The bid committees consist of three committees namely, Bid Specification, Bid Evaluation and Bid Adjudication Committee all these committees are constituted according with SCM Regulation requirements. In the spirit of ensuring there is rotation of members, operational efficiency and a sound control environment over council procurement processes within the bid committee systems,

#### **BID COMMITTEE MEMBERS DECLARATIONS**

Bid Evaluation and Adjudication Committee members declared their interests at every sitting of the committees held within the 4<sup>th</sup> quarters and no conflicts of interests were recorded for discussion for 2019/2020 financial year

#### **SECTION 114 DEVIATIONS**

No awards were made to suppliers other than the ones recommended.

#### **DATABASE REGISTRATION**

The suppliers were last invited to register on Central Supplier Database in 2017/2018 Financial Year

#### **CONTRACTS MANAGEMENT**

##### **Existing Contracts**

<b>Service provider</b>	<b>New of project</b>	<b>Duration of contact</b>
Umgamule consultant	Consultant for community hall	Three years contract
IX Engineers	Consultant for access roads	Three years contract
Masakhekulunge projects	Consultant for sportfield	Three years contract
Kinoca Minolta group (Pty) Ltd	Supply, delivery and installation of printing and photocopying Machine	Three years contract
Amancwabane trading	Supply and delivery of stationary	Two years contract
Ayanda mbanga communication	Provision of advertising agents	Two years contract
Harvey world travel	Provision of travel agents	Two years contract

Khuselani security service	Provision of security service	Two years contract
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#### New Contracts

Service provider	New of project	Duration of contact
Alison enterprise service (Pty) Ltd	Technology gadget contract	R 24 months
Singela trading	Supply and delivery of protective clothing	R 24 months

#### IRREGULAR EXPENDITURE

#### FINANCIAL VIABILITY ASSESSMENT

FINANCIAL VIABILITY ASSESSMENT		AS AT 30 JUNE 2020	AS AT 30 JUNE 2019
<b>EXPENDITURE MANAGEMENT</b>			
1.1	Creditor- Payment Period	30 Days	30 Days
<b>REVENUE MANAGEMENT</b>			
2.1	Debt- Collection Period (after impairment)	252 Days	252 Days
2.2	Debtors Impairment provision as a percentage of accounts receivables	51%	54%
	<ul style="list-style-type: none"> <li>Amount debtor's impairment provision</li> <li>Amount of accounts receivables</li> </ul>	R35 913 498 R70 492 997	R29 992 065 R55 346 160
<b>ASSET AND LIABILITY MANAGEMENT</b>			
3.1	A deficit for the year was realized (total expenditure exceeded total revenue)	No	No
	<ul style="list-style-type: none"> <li>Amount of the surplus /(deficit) for the year</li> </ul>	R56 158 878	R50 479 083
3.2	A net current liability position was realized (total current liabilities exceeded total current assets)	No	No
	<ul style="list-style-type: none"> <li>An amount of the net current assets/ (liability) position</li> </ul>	R108 627 785	R100 190 035
3.3	A net liability position was realized (total liabilities exceeded total assets)	No	No
	<ul style="list-style-type: none"> <li>An amount of the net asset/ (liability) position</li> </ul>	R521 729 714	R465 470 835
<b>CASH MANAGEMENT</b>			
4.1	The year-end bank balance was in overdraft	No	No
	<ul style="list-style-type: none"> <li>An amount of year-end bank balance (cash and Cash equivalents)</li> </ul>	R124 205 470	R121 671 716
<b>FINANCIAL VIABILITY ASSESSMENT</b>			
4.2	Net cash flows for the year from operating activities were negative	No	No
	<ul style="list-style-type: none"> <li>Amount of net cash in/ (out) flows for the year from operating activities</li> </ul>	R 115 482 248	R 81 525 372
4.3	Creditors as a percentage of cash and cash equivalents	34.5%	19%
	<ul style="list-style-type: none"> <li>Amount of creditors (accounts Payable)</li> <li>Amount of cash and cash equivalents/ (bank overdraft) at year-end</li> </ul>	R42 817 451 R124 205 470	R23 148 722 R121 671 716
4.4	Current liabilities as a percentage of next year's budget resources	N/A	12.8%
	<ul style="list-style-type: none"> <li>Amount of current liabilities</li> </ul>	R48 040 529	R36 521 823

	• Amount of next year's budget income	R 219 878 000	R 218 205 050
<b>OVERALL ASSESSMENT</b>			
Overall the financial Viability is assessed as healthy			

## REPORT ON THE IMPLEMENTATION OF THE COST CONTAINMENT MEASURES DURING 2019/20 FINANCIAL YEAR

Cost Containment Annual Report			
Cost Containment Measures	Budget	Total Expenditure	Savings
	R'000	R'000	R'000
Use of consultants	7,154,818.00	3,550,875.88	- 3,603,942.12
Vehicles used for political office –bearers	321,290.84	314,262.00	- 7,028.84
Travel and subsistence	1,293,164.00	931,740.39	- 361,423.61
Domestic accommodation	2,568,600.00	1,598,510.00	- 970,090.00
Catering	1,222,793.00	669,076.00	- 553,717.00
Communication	2,149,784.00	1,992,279.30	- 157,504.70
Other expenditure items	754,543.00	661,995.00	- 92,548.00
<b>Total</b>	15,464,992.84	9,718,738.57	- 5,746,254.27

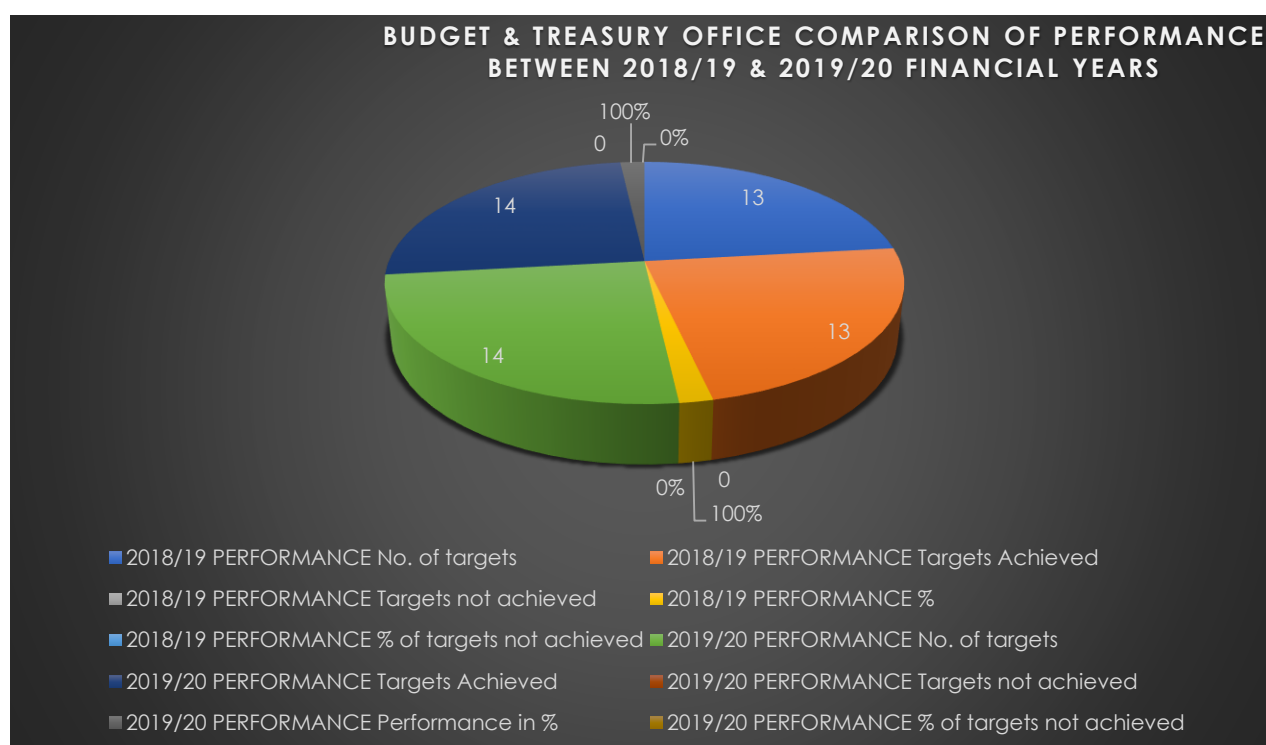


## 5.6 SUMMARY OF PERFORMANCE FOR BUDGET AND TREASURY OFFICE NKPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The overall score for the KPA is 100 % for 2019/20 which is similar to the 2018/19 previous financial year's performance which was also 100%.

2018/19 PERFORMANCE					2019/20 PERFORMANCE				
No. of targets	Targets Achieved	Targets not achieved	% of targets achieved	% of targets not achieved	No. of targets	Targets Achieved	Targets not achieved	Performance in %	% of targets not achieved
13	13	0	100%	0%	14	14	0	100%	0%

### GRAPHICAL PRESENTATION OF THE DEPARTMENT'S PERFORMANCE COMPARING 2018/19 AND 2019/20 FINANCIAL YEARS



### (a) PERFORMANCE HIGHLIGHTS OF THE BUDGET AND TREASURY OFFICE DURING THE 2019/20 FINANCIAL YEAR

The function of Budget and Treasury Office is to ensure legal compliance, ensure financial integrity for departmental budgets and assist in securing sound and sustainable financial management of the municipality, which includes;

- Budget Management, Cash Flow Management,
- Grants Management and Investment Management.

The Budget and Treasury office had managed to prepare and submit the 2019/20 annual budget, adjustment budget and special adjustment budget timeously to National, Provincial Treasury and other stakeholders. All legislated monthly, quarterly and annual reports were submitted timeously. User departments were serviced successfully. Monthly budget and actuals report were submitted to HODs and other staff for analysing budget usage.

However, there are also challenges that are facing the department, for example:

- 1) delays in submitting budget plans by user departments during the budget preparation process,
- 2) high debtors book.

#### **(b) Effect of COVID 19 and Overall expenditure – 2019/20 Financial Year**

The expenditure at 30 June was less than anticipated due to delays in SCM process caused by late submission of the specifications by user departments as well as delays caused by national lockdown as everything was put on hold. Many community programmes were not carried out as a result of the pandemic.

#### **(c) Fleet management**

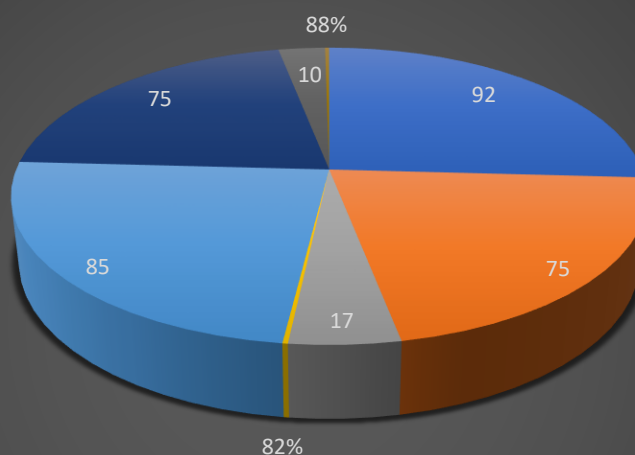
The municipality has a tracker software which monitors all vehicles. The stealing of tools still persists and fleet department has drawn a template in a trip authorization form to monitor the tools in each vehicle. During the 2019/2020 financial year the number of accidents has decreased comparing with the previous years. Due to our terrain which is mostly the gravel road we still have a lot of breakdowns which forces the fleet department to use the towing trucks and we constantly have tyre damages, suspension damages and that leads to higher maintenance on vehicles. The department has about 9 vehicles which are high mileage and the list includes the refuse trucks which breakdown more often and spends more time at the workshop and also contribute the high percentage on excessive repairs. There are drivers who drive recklessly and also drivers that cannot operate some vehicles such as 4x4 switch. In most cases municipal vehicles are always dirty/unhygienic due to our gravel road. since the municipality has the wide area it's almost impossible to share the vehicle in a day, which forces the fleet department to give each driver a vehicle when they are performing their duties. our future plans include the following:

- 1) installation of more advanced tracker software with cam recording to monitor driver and fuel tanks
- 2) buying more vehicles, refuse trucks & tractors in order to properly service our people
- 3) purchasing a tow truck that will assist when there are vehicle breakdowns and accidents
- 4) municipal workshop that will assist in repairing minor issues on vehicles such as brake pads, shocks, tyre repairs and out of warranty vehicle service and
- 5) buying diesel tank truck that will assist in delivering the diesel to the yellow plant when working far from gas stations.

## 5.7 CLOSING REMARKS ON THE 2019/20 FINANCIAL YEAR PERFORMANCE AND COMPARISON WITH THE PREVIOUS FINANCIAL YEAR

2018/19				2019/20			
No. of targets	Targets Achieved	Targets not achieved	% in Performance	No. of targets	Targets Achieved	Targets not achieved	% in Performance
92	75	17	82%	85	75	10	88%

Comparison of Organisational Performance between 2018/2019 & 2019/2020



■ 2018/19 No. of targets      ■ 2018/19 Targets Achieved      ■ 2018/19 Targets not achieved  
 ■ 2018/19 % in Performance      ■ 2019/20 No. of targets      ■ 2019/20 Targets Achieved  
 ■ 2019/20 Targets not achieved      ■ 2019/20 % in Performance

### 5.6.1 KEY AREAS TO NOTE

#### Improving Performance

As indicated in the preface of the report it is worth noting that the current year's percentage of performance 88% has improved by 6%, when compared to the previous year's which was 82% this is owed to the two very critical departments responsible for the delivery of basic

service to the community of Dr Nkosazana Dlamini Zuma Local Municipality i.e. Public Works and Basic Services, Budget and Treasury Office, the Community and Social Services Department having achieved almost all of their planned target for the 2019/20 financial year. The municipality was also not immune to the challenges that was faced by the country and the globe at large on the issue of having to put almost all infrastructural projects on hold for a period of two months due to lock-down regulations as a result of the outbreak of corona-virus. The special adjustment of both the budget and the service delivery and budget implementation plan budget as approved by the Council on 15 June 2020 had allowed the municipality to make realistic targets. There was an increased capital expenditure of 91% as opposed to the 85% capital expenditure (Capex) that was recorded in 2018/19 financial year.

### 5.6.2 DETERIORATING PERFORMANCE

This section highlights key areas for deterioration of performance, in the cases where the targets have been missed.

The Office of the Municipal Manager's performance has deteriorated as six out of fifteen targets could not be achieved during the financial year. Out of the six missed targets four are from the Internal Audit Unit. The Internal Audit Manager retired in March 2020 leaving a vacuum in the office in terms of the implementation of the targets in the Internal Audit Plan. Recruitment processes to replace the retired employee are still underway.

Department	Overall 2019/20 Performance Rate
Corporate Support Services	92.3%
Public Works & Basic Services	100%
Community & Social Services	87.5%
Office of the Municipal Manager	60%
Budget & Treasury Office	100%
<b>Aggregate Score</b>	<b>88%</b>

## CHAPTER 6

### AUDITOR GENERAL'S AUDIT FINDINGS- ATTACHED

## Appendices

Appendix A: Councillors, committee allocation and attendance at meetings- refer to chapter 2

Appendix B: Committees and purposes- refer to Chapter 2

Appendix C: Third-tier administrative structure- refer to Chapter 4 Component A

Appendix D: Functions of the municipality- refer to the attached

Appendix E: Ward reporting- refer to Chapter 2

Appendix F: Ward information- Ward Based Plan refer to the attached

Appendix G: Recommendations of the audit committee to be prepared by the APAC Chairperson and presented together with AR to Council

Appendix H: Long-term contracts and public-private partnerships-refer to Chapter 5

Appendix I: Performance of service-providers- refer to the 2019/20 APR Volume III

Appendix J: Disclosure of financial interests- refer to the attached

Appendix K: Revenue-collection performance- refer to chapter 5

Appendix L: Conditional grants received (excluding the MIG grant)- refer to chapter 5

Appendix M: Capital expenditure: new assets, upgrades and renewals, including MIG- refer to chapter 5

Appendix N: Capital programmes by project – current year- refer to chapter 3

Appendix O: Capital programmes by project by ward – current year- refer to the attached ward-based Plan

Appendix P: Service-connection backlogs at schools and clinics- NA

Appendix Q: Service-backlogs in the community where another sphere of government is responsible to deliver those services- refer to the Ward Based plan attached

Appendix R: Declaration of loans and grants made by the municipality- refer to chapter 5

Appendix S: Declaration of returns not made in due time under MFMA section 71-refer to chapter 5

Appendix T: National and provincial outcomes for local government-NA

VOLUME II: Annual financial statements

VOLUME III: Annual performance report:  
Auditor General's 2019/20 Audit Report & Management Action Plan

VOLUME IV: Oversight report

The oversight report will be prepared by the MPAC in March 2020 after scrutinising the annual report.



