



Sedibeng District Municipality  
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## Office of the Municipal Manager

Sedibeng District Municipality

Refer to : Mr. M. Makhutle  
Acting Municipal Manager  
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Date : 12 April 2021

**Mr. Bongani Gxilishe**  
**Head of Department CoGTA**  
Disaster Management Building  
11 Janadel Avenue  
Halfway Gardens,  
Midrand, 1686

Via email : [sandiswa.ndaba@gauteng.gov.za](mailto:sandiswa.ndaba@gauteng.gov.za)

Dear Sir,

**RE : Submission of 2019/2020 Annual Report for Sedibeng District Municipality (DC 42)**

Kindly receive herewith attached the 2019/2020 Annual Report of Sedibeng District Municipality for your records, in accordance with MFMA section 127(4).

We trust that the Gauteng Provincial Administration finds all to be in order, and we take this opportunity to thank your Office for the continued support, guidance and oversight.

Yours faithfully,

**MR. M. MAKHUTLE**  
**ACTING MUNICIPAL MANAGER**  
**Sedibeng District Municipality**

12/04/2021  
Date

CC : Chief Audit Executive - Ms. R. Cuna



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## Office of the Municipal Manager

Sedibeng District Municipality

### Acknowledgment of Receipt

Delivered by HAND: Annual Report 19/20 – DC 42

**Mr. Bongani Gxilishe**  
**Head of Department CoGTA**  
Disaster Management Building  
11 Janadel Avenue  
Halfway Gardens,  
Midrand, 1686

For Attention : Sandiswa Ndaba (Acting Office Manager – Office of the HOD)  
Mobile : 082 521 4106

Received by

Signature : 

Full Name : Sandiswa Ndaba

Designation : Acting office Manager

Contact No : 0825214106

Date & Time : 13/4/2021 11h22

EXTRACT OF THE MINUTES OF THE 49<sup>TH</sup> SPECIAL COUNCIL MEETING HELD ON 07 APRIL 2021.

"1. DRAFT ANNUAL REPORT: FINANCIAL YEAR 2019/2020

(15/1/8/1/1)

Office of the Municipal Manager

RESOLVED

THAT the contents of the Draft Annual Report, attached as Annexure "A", be hereby approved."

\*\*\*\*\*

It is hereby certified that this is a true extract from the minutes of a meeting of the Sedibeng District Municipality.

Council held on: 07/04/2021  
Signed by: [Signature]  
Designation: A.M.M.  
Legal And Support Services

1. DRAFT ANNUAL REPORT: FINANCIAL YEAR 2019/2020

(15/1/8/1/1)

Office of the Municipal Manager

1. PURPOSE

The purpose of the annual report 2019/2020 is to:

- (a) Provide a record of the activities of the Sedibeng District Municipality during the financial year 2019/2020.
- (b) Provide a report on performance against the budget of the Sedibeng District Municipality for the 2019/2020 financial year reported on.
- (c) Promote accountability to the local community for the decisions made throughout the year by Sedibeng District Municipality.

2. INTRODUCTION

Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that: "Every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines."

That Annual Report includes:

- a) The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA.
- b) The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in accordance with section 45 (b) of the MSA; on the financial statements in (a) above;
- c) The annual performance report of the Municipality as prepared by the Sedibeng District Municipality in terms of section 45(b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- d) An assessment of the arrears on municipal taxes and service charges;
- e) An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3)(b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year.
- f) Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- g) Recommendations of the Municipality's Audit Committee.

3. BACKGROUND

Annual reports are the key reporting instruments for the Municipality to report against the performance targets and budgets outlined in their strategic plans.

4. DISCUSSION

This Annual Report contains information on service delivery, in addition to Annual Financial Statements and the Audit Report. It is a backward-looking document, focusing on performance in the financial year that has just ended. It reports on how the budget for that financial year was implemented. It further assists other Stakeholders and oversight bodies to measure the performance of the institution.

5. ALIGNMENT WITH COUNCIL STRATEGIES

The Annual Report 2019/2020 is submitted as a summative reflection of the performance of the municipality over the financial year under review.

6. FINANCIAL IMPLICATIONS

There are no financial implications in the report given that it is a reporting document; expenditure has already been incurred during implementation of the set targets in line with the municipal budget in the year under review.

7. LEGAL/CONSTITUTIONAL IMPLICATIONS

This report is in accordance with Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA)

8. CONCLUSION

That Annual Report 2019/2020, be regarded as the primary instrument of accountability, in which the Executive Mayor and Accounting Officer report on implementation performance in relation to the budget and the SDBIP, and the progress being made in realising the IDP priorities.

9. RECOMMENDATION

It is therefore recommended:

9.1 THAT the contents of the Draft Annual Report, attached as Annexure "A", be hereby approved.

10. ANNEXURE

\* Annexure "A" -Draft Annual Report 2019/2020

2019/2020

DRAFT ANNUAL  
REPORT

Volume I



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# Introduction

## INTRODUCTION

In terms of section 121(2) of the Local Government: Municipal Finance Management Act, 56 of 2003; the purpose of the annual report is:

- a) To provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- b) To provide a report on performance in service delivery and budget implementation for the financial year; and
- c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

Annual reports must be aligned with the planning documents and municipal budget for the year under review; which invariably means that the Integrated Development Plan, the Budget and the Service Delivery and Budget Implementation Plan; including quarterly, midyear and annual performance report and the ultimate annual report must be consistent with information to enable synergy and link between all these plans and the actual performance.

Annual reports are the key reporting instruments for municipalities to report against the performance targets and budgets outlined in their strategic plans. Annual reports are therefore required to contain information on service delivery and outcomes, in addition to financial statements. It is meant to be a retrospective document, focusing on performance in the financial year under review and must demonstrate how the budget was implemented and the results of service delivery operations for that financial year.

Section 46 of the Municipal Systems Act, 44 of 2003, requires that:

- (1) A municipality must prepare for each financial year an Annual Performance Report reflecting –
  - a) The performance of the municipality and of each external service provider during that financial year;
  - b) A comparison of the performances referred to in paragraph (a) with target set for and performances in the previous financial year; and
  - c) Measures taken to improve performance.
- (2) An Annual Performance Report must form part of the municipality's Annual Report in terms of the Municipal Finance Management Act, Chapter 12.

Section 127(3)(a) and (b) of the Local Government: Municipal Finance Management Act, 56 of 2003, further stipulates that if the Executive Mayor, for whatever reason, is unable to table in the council the annual report of the municipality, the Executive Mayor must promptly submit to the council a written explanation setting out the reasons for the delay, together with any components of the report that are ready and submit to council the outstanding report or the outstanding components of the annual report as soon as possible.

Therefore, Sedibeng District Municipality presents and tables the Annual Report for 2018/2019 financial year. This report was prepared in compliance with Section 121(4) (a), (b), (e), (g) and (h) of the MFMA, 56 of 2003. Amongst others, this Annual Report includes the following:

# Introduction

- The Municipal Annual Performance Report;
- The Annual Financial Statements of the Municipality;
- The Auditor General's report on municipal performance and financial audit report, including corrective action taken or to be taken by the Municipality on issues raised in the Audit Reports.

This report provides information about the administration's financial and operational performance for the period under review. It also reflects on the municipal progress against the objectives of its Integrated Development Plan (IDP). The content of this Annual Report is structured around the five R's plus two strategic focus areas (pillars) and their underlying objectives, as contained in the municipality's five-year IDP.

The table below outlines a short summary of the Chapter 12 process

ACTIVITY	TIMELINE
<ul style="list-style-type: none"><li>• The Mayor must within 7 months after the end of the financial year table the draft Annual Report in Council.</li></ul>	<ul style="list-style-type: none"><li>• 31 January 2020</li></ul>
<ul style="list-style-type: none"><li>• The Accounting Officer must publish the draft Annual Report.</li></ul>	<ul style="list-style-type: none"><li>• Immediately after been tabled at Council</li></ul>
<ul style="list-style-type: none"><li>• The Accounting Officer must invite submissions.</li></ul>	<ul style="list-style-type: none"><li>• Immediately after been tabled at Council</li></ul>
<ul style="list-style-type: none"><li>• The Accounting Officer must submit the draft Annual Report to the Auditor General, Provincial Treasury and the Provincial Department of Local Government.</li></ul>	<ul style="list-style-type: none"><li>• Immediately after been tabled at Council</li></ul>
<ul style="list-style-type: none"><li>• Council must deal with the draft Annual Report within 9 months after the end of the financial year; including oversight report</li></ul>	<ul style="list-style-type: none"><li>• 31 March 2020</li></ul>

# Chapter 1

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### Vision

Sedibeng District Municipality envisages building towards a developmental Metropolitan River City of choice.

#### Mission

To promote and sustain Integrated Service Delivery that enhances and supports the municipality to achieve growth and development for its community. The District Municipality is strategically focused:

- To promote efficient and effective Integrated Services that addresses the socioeconomic and environmental development imperatives of the Region;
- To implement prudent and Cost effective Financial Management and Sustainability;
- To ensure Good Governance and sound management practices; and
- To ensure effective Service Delivery.

#### Key Policy Development

The 6th Gauteng Provincial Administration commenced 2019/20 with a bold and ambitious vision and a detailed plan “Growing Gauteng Together: Our Roadmap to 2030”- GGT2030. Growing Gauteng Together “GGT2030” focuses on the following five priorities namely:

- Economy, Jobs and Infrastructure
- Education, Skills Revolution and Health
- Integrated Human Settlements and Land Release
- Safety, Social Cohesion and Food Security
- Building a Capable, Ethical and Developmental State

The GGT2030 is detailed plan to continue the implementation of the National Development Plan and the programme for Transformation, Modernisation and Re-industrialisation (TMR) Sedibeng District Municipality’s Integrated Development Plan is underpinned by the revised 3rd Sedibeng Growth and Development Strategy and Growing Gauteng Together – GGT2030.

Sedibeng district continues to liaise with relevant spheres of government and stakeholders to fast track the fourteen projects in the Southern Corridor Regional Implementation Plan (SCRIP). The SCRIP dovetails with Gauteng economic transformation agenda that focuses on industries and sectors with huge employment potential, particularly in agro-processing, food and beverages; tourism and hospitality, creative and cultural industries, logistics and warehousing and the green economy.

Sedibeng District Municipality awaits in earnest the declaration of a Special Economic Zones (SEZ) in Emfuleni Local Municipality to revitalize industrial parks and agri-parks to boost manufacturing and agro-processing. The district municipality activated its District COVID-19 Command Council in line with the declared National State of Disaster on the 25th March 2020 to reduce and slow down the effects and impacts of coronavirus (COVID-19) outbreak. The District COVID-19 Command Council serves as a coordination and monitoring governance structure to provide leadership in the battle of COVID-19 infections and transmission according to COVID-19 response plan.

# Chapter 1

## Key Service Delivery Improvement

A number of service delivery successes and challenges experienced in Sedibeng region, are as follows:

- Municipal Health Services audit scored 92 % for compliance with the national norms and standards for Environmental Health Services (EHS), and primary challenges such as funding challenges for adequate staff complement and EHS specialist training in order to ensure effective law enforcement;
- Due to the decreasing and stagnant municipal cash flow, a special budget adjustment was approved by Council in order to address unfunded budget challenges;
- ArcelorMittal South Africa Ltd (Vanderbijlpark Works) settled for R3, 630, 0000 with the district municipality for the violation of their Atmospheric Emission License. The administrative fine will be used for maintenance and upgrading of Air Quality monitoring stations. Two air quality coordinators have been employed during the financial year;
- Council had approved a special COVID-19 budget adjustment in order to respond adequately to the COVID-19 risks and ensure municipal business continuity.
- Continuous support and engagement with non-government organisation to provide for the poor and vulnerable during COVID-19;
- Reduction in revenue due to COVID-19 closure of Driving License Testing Centre (DLTC)
- Gold Eco-Logic Award sponsored by SANTAM for installation of smoke detectors at old age and children home across the region.

## Public Participation

A new district development model (DDM) to fast track service delivery, economic development and job creation is at an advance stage of implementation. The integrated district-based approach will address “silo mentality” in all spheres of government and close consultation with residents at the grassroots. The National State of Disaster have impacted adversely on the participatory democracy in our region. However, the activation of the District COVID-19 Command Council included the participation of the regional business chamber. New and innovative ways are to be tested in order to ensure that our communities and stakeholders partake in the decision making and accountability.

As the result of COVID-19 the community were kept abreast via community radio stations and local newspapers as well as online platforms. As a result of COVID-19 and DDM the district has commenced the roll out of ward-based war room (WBWR).

## Future Actions

The impacts of COVID-19 have exposed the number of fault lines which needs to be addressed at the district municipality in order to ensure financial viability, good governance and sustainability for continuous enhanced services delivery:

- Urgent and fast tracking of COVID-19 regional economic recovery plan;
- Engage with the Gauteng Department of Road and Transport on the cost recovery model of rendering of Driving License Testing Centers and to improve services delivery;
- Filling of senior managers vacant posts namely; Chief Financial Officer, Executive Director: Transport, Environment and Infrastructure and urgent resourcing of Communication and Stakeholder Relations Unit in line with (GCIS) Government Communications Policy and Guidelines
- Speedy and transparent implementation of Government Precinct and other precincts development
- Continuous engagement with provincial and national sphere of government on the district’s funding model



# Chapter 1

## Agreements / Partnerships

Service delivery and economic development is a work of both private and the developmental sector. The following agreements/partnerships have been entered into to achieve the service delivery obligation, namely:

- Gauteng Infrastructure Financing Agency (GIFA) at a tune of R15,211,038.00 for the feasibility study, and procurement up to financial close for the development of the Government Precinct;
- National Youth Development Agency – to provide skills and empowerment programmes across the region at the tune of (2018/19: R 1,497, 079); (2019/20: R 1,618,836)
- Agreement with Gauteng Provincial Government, Department of Sports, Arts, Recreation and Culture to operationalise Boipatong Memorial and Youth Centre at a tune of R2, 515, 000;
- Agreement with Department of Rural Development and Land Reform at a tune of R2,276,6613.60 to develop precinct plans for Waterval, Sicelo, Rietfontein, Devon, Doornkuil, Henley on Klip and Langzeekoegat;
- Gauteng Department of Health for rendering HIV/AIDS and TB ward-based programme at the tune of R 7,943 million in all local municipalities;
- SASOL Ltd donation of 2000lt of sanitizers for COVID-19 response across the region;

## Conclusion

The year 2019/20 comes became a disaster year due to the outbreak of COVID-19. We have mourned the passing of numerous key social justice activists, Prof Denis Goldberg and Ntate Andrew Mlangeni to name but a few. And both were holders of 2016 Freedom of Sedibeng Award. On the 03 October 2020, we had experienced the brutal and inhumane murder of the Municipal Manager, Stanley Khanyile. May their soul rest in eternal peace.

The financial sustainability of the district is under severe challenges. Critical and urgent focus is turned into fast tracking of COVID-19 regional recovery plan underpinned by infrastructure maintenance and development, agriculture, food security, tourism and hospitality, creative and cultural industries, logistics and warehousing and the green economy. Going forward, we shall revise and resource Communications and Stakeholder Relations function in order to strategically communicate service delivery matters, socio economic opportunities and manage the reputation of the district.

The risk of COVID-19 is still around, we call on our people to continue to play their part and save lives. I encourage everyone to continue to practice COVID-19 health and safety hygiene and remain vigilant. And we are all to respond collectively to the impacts of COVID-19 on our livelihood and economy.

Yours sincerely

---

Cllr Busisiwe Modisakeng, Executive Mayor

# Chapter 1

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

Similar to many municipalities within South Africa, Sedibeng District Municipality faces various challenges in terms of service delivery, administration, financial management and governance. Many of these challenges have recurred over a long period of time and have been highlighted repeatedly in the Municipality's annual reports and audit reports of the Office of the Auditor-General of South Africa (AG).

#### Unauthorised, Irregular, Fruitless and Wasteful expenditure

Given the current state of affairs, reasonable steps were taken to prevent and reduce unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. Most of the irregular, fruitless and wasteful expenditure was as a result of non-compliance with Supply Chain Management (SCM) regulation 36(1).

#### Organisational Structure

The organisational structure of the Municipality currently has 600 approved positions. In the operational organisational structure, the Municipality is headed by a Municipal Manager (MM) with the following section 56 managers:

- a) Corporate Services
- b) Strategic Planning and Economic Development
- c) Transport, Infrastructure and Environment
- d) Community Services
- e) Chief Financial Officer.

Three section 56/57 positions within the Municipality are currently vacant and filled by acting appointments and to ensure leadership, stability and accountability, these position will ideally be filled urgently. The Municipality also has a high vacancy rate in key management positions which causes overall instability.

There is also a slow response from leadership and senior management in addressing the internal controls deficiencies and non-adherence to reporting disciplines relating to the financial statements, inaccurate performance reporting and non-compliance with applicable laws and regulations. The governance structures of the municipality are functional and there are regular meetings, as required.

The Auditor General however found certain challenges regarding the leadership and senior management of the Municipality in executing their duties. There is a need to improve the governance environment within the Municipality by the leadership in executing their oversight function and senior management to ensure that employees across the Municipality move towards a culture of performance and compliance with legislation.

#### Risk and Audit Committees

The Risk and Audit Committees are functional but the Risk Management unit is however severely under-capacitated and the impact of this is evident with the critical targets not being achieved. The appointment of appropriately skilled and qualified risk management staff by the Municipality must be prioritised to ensure adequate capacity in this unit.

# Chapter 1

## Supply chain management

The Municipality experiences the following challenges relating to SCM:

- Lack of skills and expertise in SCM;
- Gross non-adherence to SCM Regulations;

There is no process in place to verify whether officials are in the service of the state before tender award—contravention of regulation 44 of the MFMA;

- Poor contract management.

Contract Management is an on-going challenge at Sedibeng District Municipality which is due to the absence of a Contract Management Framework within which to manage contracts.

A holistic Plan is needed to address challenges that have been identified. A number of strategies have been developed, refined and will be implemented in the short, medium and long term through the Plan to resolve the challenges faced by the Municipality to ensure sustainability over the medium to long term.

Sedibeng must move away from short term and reactionary planning to a long term stable and sustainable framework, hence the Municipality must prioritise the development of a long term spatial and financial plan that is realistic and achievable and based on sound socio-economic analysis. The financial indicators issued in MFMA Circular 71 should also be used as a basis for such a long-term financial plan.

There is now an urgency for officials of the Municipality to perform optimally and key performance areas and related indicators will need to be incorporated in the performance agreements of all employees which will have to be monitored and evaluated on a regular basis to ensure successful outcomes. This would assist in placing the Municipality on a trajectory to meet its obligation to provide services and towards sustainability in the long term.

Finally, it is emphasised that the responsibility to implement changes to address the above mentioned challenges vests with Sedibeng and that the strategy to do so, places significant implementation responsibility on myself as the Acting Municipal Manager, Chief Financial Officer and other Senior Managers and regular monitoring by Council and the Executive Mayor is critical to ensure successful implementation.

Yours sincerely

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S. KHANYILE  
MUNICIPAL MANAGER

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## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.2.1. MUNICIPAL FUNCTIONS

The administration of the Municipality must:

- Be responsive to the needs of the community
- Facilitate the culture of public service and accountability among its staff
- Take measures to prevent corruption
- Establish clear relationships, facilitate cooperation communication between it and the local community;
- Give members of the local community full and accurate information about level and standards of services they are entitled to receive; and inform the local community how the municipality and cost and the persons in charge

Like other similar District Municipalities in the country, Sedibeng District Municipality is created and classified as a Category C municipality by Section 155 of Constitution of the Republic of South Africa, Act 108 of 1996, in conjunction with Section 4 of the Local Government Municipal Structures Act, 117 of 1998. Upon its creation, certain functions were delegated to it and it can only perform those functions and duties allocated by these pieces of legislation. The principal and primary Constitutional mandate of the district municipality such as Sedibeng dictates that it:

- a) provides democratic and accountable government for local communities
- b) ensures the provision of services to communities in a sustainable manner
- c) promotes social and economic development
- d) promotes a safe and healthy environment and
- e) Encourages the involvement of communities and community organisations in the matters of local government.

Other pieces of legislation such as The Local Government: Municipal Structures Act, 1998, Act No 117 of 1998, section 84 (1) sets out the following powers and functions for Sedibeng District Municipality:

- a) Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality.
- b) Potable water supply systems.
- c) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.
- d) Domestic waste-water and sewage disposal systems.
- e) Solid waste disposal sites, in so far as it relates to- (i) the determination of a waste disposal strategy;
  - (i) The determination of a waste disposal strategy;
  - (ii) The regulation of waste disposal; and
  - (iii) The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and Waste disposal facilities for more than one local municipality in the district.
- f) Municipal roads which form an integral part of a road transport system for the area of the district municipality
- g) Regulation of passenger transport services
- h) Municipal airports serving the area of the district municipality as a whole
- i) Municipal health services
- j) Firefighting services serving the area of the district municipality as a whole, which includes-
  - (i) Planning, co-ordination and regulation of fire services;
  - (ii) Specialised firefighting services such as mountain, veld and chemical fire services;

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- (iii) Co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
- (iv) Training of fire officers
- k) The establishment conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district
- l) The establishment conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district
- m) Promotion of local tourism for the area of the district municipality
- n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality
- o) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality
- p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms

However, the following functions were adjusted by the MEC for Local Government to be performed by the Local Municipalities:

- a) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and where applicable, the generation of electricity.
- b) Domestic waste-water and sewage disposal systems.
- c) Solid waste disposal sites, in so far as it relates to-
  - i. The determination of a waste disposal strategy;
  - ii. The regulation of waste disposal; and
  - iii. The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
  - iv. Municipal roads which form an integral part of a road transport system for the area of the district Municipality as a whole.
- d) Municipal roads which form an integral part of a road transport system for the area of the district Municipality as a whole
- e) Firefighting services serving the area of the district municipality as a whole, which includes-
  - i. Planning, co-ordination and regulation of fire services
  - ii. Specialised firefighting services such as mountain, veld and chemical fire services;
  - iii. Co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
  - iv. Training of fire officers.

Therefore, functions constitutionally belonging to the district but were adjusted to the locals, form part of other reasons why the municipality is struggling financially and is not viable, compounded by the dwindling, on yearly basis, of the equitable shares and sharp increases of salaries as negotiated and concluded by bargaining council.

## 1.2.2. SEDIBENG DISTRICT BACKGROUND

### Sedibeng District Profile

The Sedibeng District Municipality is classified as a Category C municipality by the Municipal Demarcation Board in terms of Section 4 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998). The Municipality was established in the year 2000 through the integration of various councils that had previously served the Vaal and the surrounding areas.

The municipality is the only area in Gauteng province that is situated at the southern tip of the provinces, and strategically borders three provinces, namely, Free State, North West and Mpumalanga. The other fact and strategic niche is that the

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municipality is the only one in the province that is located on the banks of Vaal River and Vaal Dam; covering the area formerly known as the Vaal Triangle.

Sedibeng is a stone throw away from Johannesburg. Legally, the municipality is comprised of three Local Municipalities i.e. Emfuleni Local Municipality, Midvaal Local Municipality and Lesedi Local Municipality. The District municipality also includes areas of historical epochs such as Sebokeng, Evaton, Sharpeville, Boipatong, Bophelong, Ratanda and towns which include Vereeniging, Vanderbijlpark, Meyerton and Heidelberg.

Sedibeng offers a variety of cultural, heritage attractions and historical experiences. Some of these are the heritage sites related to South Africa Wars of 1899-1902 and the two World Wars that followed. The Sharpeville Precinct still stands as the reminder and the hallmark of the Sharpeville Massacre of 21 March 1960, when 68 people lost their lives during the pass laws protests.



The Vaal River on the southern border of Sedibeng constitutes one of the most important sources of water in South Africa. Water from the river meets the residential, industrial and agricultural needs for much of Gauteng. The River is also a key supplier of other tributaries located in Mpumalanga, the Free State, North West and the Northern Cape. Construction of the Vaal Dam was completed in 1938 but its capacity was later extended during the 1950s. The tourism town of Vaal Marina is located on the banks of the dam in the Midvaal Local Municipality. Development of irrigation farming, tourism and agro-processing industries are of central importance to Sedibeng, especially in the Midvaal and Lesedi municipal areas.

The Sedibeng District Municipality is located in the southern parts of the Gauteng Province, and features the cities of Vanderbijlpark, Vereeniging and Evaton. Accounting for approximately 33% of the national GDP, the Sedibeng District Municipality is perceived as an integral part of the Gauteng Province. The District Municipality features more than a wide variety of landmarks, such as the Vaal River and Vaal Dam, the Suikerbosrand Nature Reserve, the Sasol refinery, the ArcelorMittal (previously ISCOR) factory, as well as the Emerald Casino and Safari Park.

## Sedibeng District History

Flying over the Sedibeng landscape, reveals the stone circles marking settlements of people that lived in the region from the dawn of time. The area has moved on from its pre-historic roots to play a crucial part in shaping the South Africa we live in. While the landscape has been shaped by the Vaal River, our communities have been carved out of struggles for freedom. The long and bloody history of South Africa's journey through the Boer War, and the long years of apartheid, can all find their story right here in the heart of Sedibeng



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The Treaty of Vereeniging (commonly referred to as Peace of Vereeniging) was the peace treaty, signed on 31 May 1902, which ended the South African War between the South African Republic and the Republic of the Orange Free State, on the one side, and the British Empire on the other. This settlement provided for the end of hostilities and eventual self-government to the Transvaal (South African Republic) and the Orange Free State as colonies of the British Empire. The Boer republics agreed to come under the sovereignty of the British Crown and the British government agreed on various details.

None of this meant a great deal during the long, dark, oppressive years of apartheid that were to follow, and the brutal and violent fight to break down a tyranny of oppression and inhumanity. The world will never forget what is now marked as our day of Human Rights in South Africa. On 21 March 1960, events were planned for many parts of the country, for people to protest against one of the unjust laws of apartheid. The Pass Law required all Africans living or working in and around towns to carry documents (known as passes) with them at all times. Failure to carry this document would lead to arrest by the police.

On this day people decided to go to police stations without their passes and to demand that they be arrested. The idea was that many people would be arrested and the jails would become so full that the country's unjust laws would be exposed to the international world. It was hoped that this would lead to the draconian laws being scrapped. At Sharpeville in Sedibeng, thousands of unarmed people gathered at the police station demanding to be arrested. They were met by 300 police officers who opened fire on the crowd. Sixty-nine people were killed and more than 180 others were injured in the Sharpeville Massacre. This event precipitated the banning of the ANC, and the PAC and the start of the armed struggle. Every year on the 21st March, the people of Sedibeng, the country, and the entire world bow their heads to observe the brutal killings of anti-pass laws and apartheid protestors - making it one of the most historic political events which shook the world and changed the course of history in South Africa.

And so began decades of further oppression and restrictions of freedom that ultimately culminated in the dawning of democracy in 1994. But Sedibeng was to see some much darker days before that beacon of light came into sight. The early 1990s in South Africa, the period when negotiations were unfolding between the ruling National Party and the ANC, is marked as one of the most violent and turbulent times in our history to democracy. And Sedibeng saw some of the worst of it.

On 12 January, 1991, 39 mourners were viciously murdered at an all-night vigil, and over forty were injured. At the Nangalembe Night Vigil Massacre in Sebokeng. Mourners were paying their final respects to their community leader, when a sudden invasion by a gang of armed men resulted in a hand grenade being set off and the aggressors began to shoot randomly into the crowd. The Nangalembe Night Vigil Massacre will go a long way into the books of our history as it heralded an undefined and unresolved period of brutal attacks against the Sebokeng community.

Just over a year later, Sedibeng was to mourn again. On the night of 17 June 1992, a heavily-armed force of Inkatha members, secretly raided the Vaal township of Boipatong and killed 46 people. The Boipatong Massacre caused the African National Congress to walk out of CODESA, the initial formal negotiations to end apartheid, accusing the ruling National Party of complicity in the attacks. The massacre drew the attention of the United Nations Security Council, which passed Resolution 765 on July 16, 1992, urging a full investigation into the incident.

Sedibeng cannot bring back its fallen heroes, but it can certainly celebrate them through its continued struggles to end poverty and bring about economic equality. From 1902, the region seemed to almost have come full circle, and appears to be a most fitting place for the Signing of South Africa's First Democratic Constitution in 1996. The 10th December 2011 marked the 15th Anniversary of the signing of the South African Constitution into law - by the then President of South Africa, Mr. Nelson Mandela, in Sharpeville.



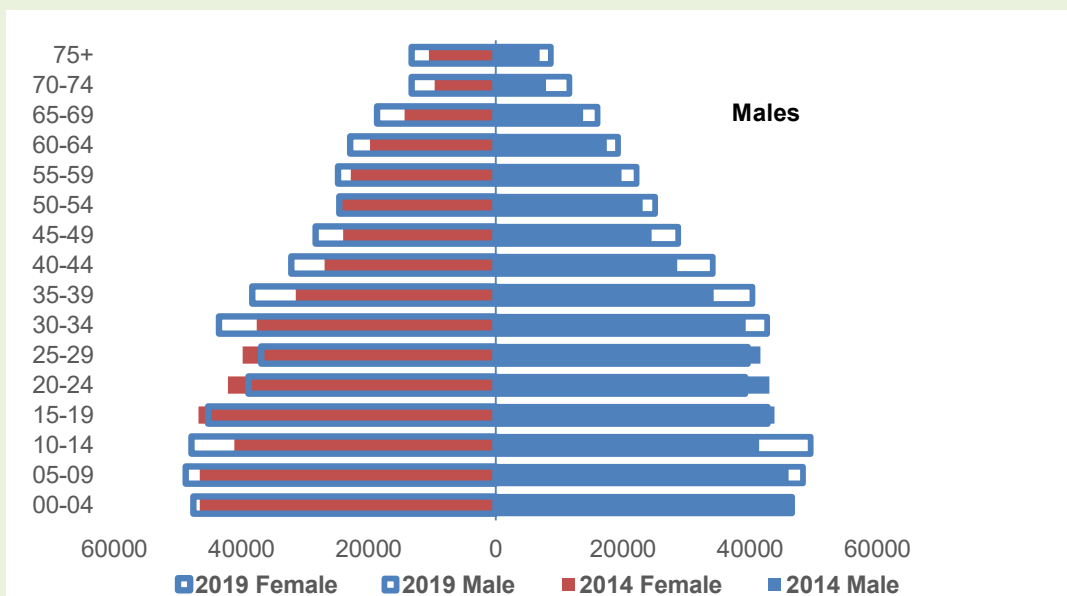
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The year 2012 has turned out to be a remarkable and amazing year in the history of South Africa and Sedibeng. This year the ruling party celebrates its centenary, 100th year of a selfless struggle to liberate South Africa and the African continent, making it a historic moment for all the people of South Africa.

## 1.2.3. SEDIBENG DISTRICT POPULATION

The Sedibeng District Municipality constitutes the second largest municipality in the province geographically, covering a land area of about 3,894 km<sup>2</sup>. The total population of the District is 916 484. Lesedi has a population of 99 520, Midvaal 95 301 and Emfuleni 721 663; with the population density of District as a whole as 198 people per km<sup>2</sup>. It is clear from the stats that 8 out of every 10 people in Sedibeng live in Emfuleni and the vast majority (more than 700 000 people) live in the black township areas especially Sebokeng and Evaton. Source: Stats SA, 2011. In the Gauteng municipalities, Sedibeng is the fourth populated region after the City of Tshwane.

Figure 1: Sedibeng's Population Pyramid in 2014 & 2019

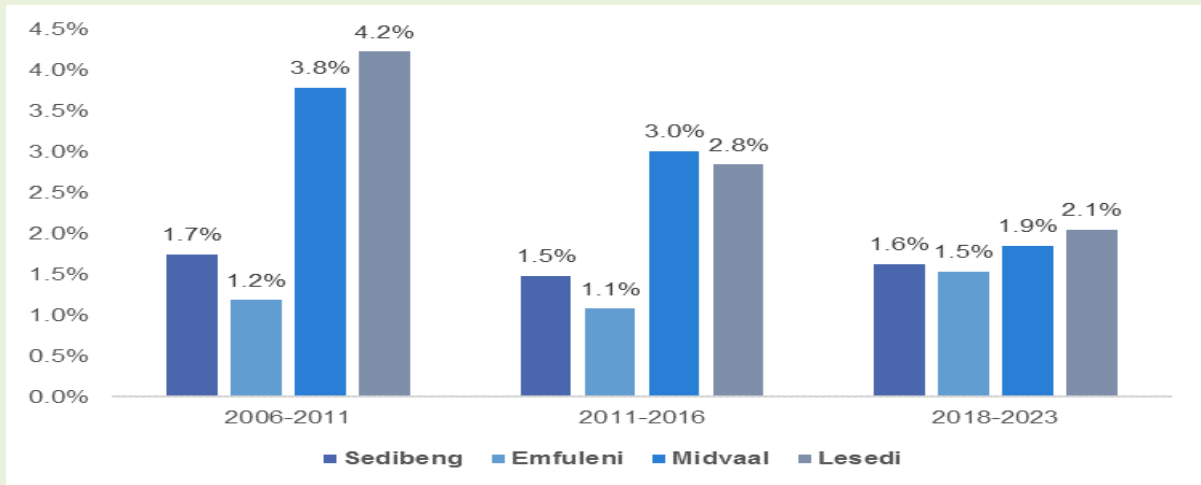


Source: IHS Markit, 2020

Figure 1 shows the population pyramid of the Sedibeng region by gender for 2014 and 2019. The youth population bulge (15-34 age cohort), a situation where most of the population consist of youth, appears stronger in the Sedibeng region, a phenomenon which is more prevalent in all regions in the country. However, another bulge was in those between the ages of 0 to 9 years, indicating that supporting children is a significant factor for the average working-age person in the region. The gender distribution indicates that there are more males than females in the region in the period under review.

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Figure 2: Average Population Growth Rates



Source: IHS Markit, 2020

The figure above shows average population growth rates for Sedibeng and its local municipalities from 2006 to 2016 and forecast to the 2023. Average population growth tends to be decreasing in all the municipalities between the years 2011-2016 and is expected to rise slightly between the years 2018-2023. The figure indicates that Lesedi and Emfuleni have the highest growth rates in the periods under review.

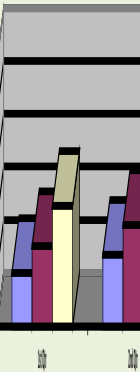
## Education levels in Sedibeng District Municipality since 2014-2018

Below is a table depicting a comparative analysis of qualifications in local municipalities during the period 2014 and 2018. The level of education with a decrease of less than 1091 from 21,201 in 2014 to 20,110 in 2018 for those with no school. The numbers of those who have matric only were at 199,565 in 2014 and have increased with 22,666 to 222,231 in 2018. The numbers have increased by 4439 from 44,164 in 2014 to 48,603 in 2018 for people having diplomas with grade 12. There is also significant increase by 4149 from 24,869 in 2014 to 29,018 in 2018 for people with bachelor degrees. There is an increase of people with high degrees (Masters or Doctorate) by 2134 from 11,460 in 2014 to 13,594 in 2018

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Table 1: Sedibeng Qualifications between 2914 and 2918

Qualifications	Emfuleni				Midvaal				Lesedi				Sedibeng			
	2014		2018		2014		2018		2014		2018		2014		2018	
	no	%	no	%	no	%	no	%	no	%	no	%	no	%	no	%
Grade 0-2	14,663	100.0%	13,823	2.8%	2,654	3.8%	2,589	3.3%	3,883	5.7%	3,698	4.9%	21,201	3.5%	20,110	3.1%
Grade 3-6	14,663	100.0%	7,738	1.6%	1,163	1.7%	1,159	1.5%	1,843	2.7%	1,819	2.4%	11,262	1.9%	10,716	1.7%
Grade 7-9	14,663	100.0%	31,572	6.4%	4,237	6.1%	4,324	5.6%	5,678	8.4%	5,809	7.6%	42,418	7.1%	41,705	6.5%
Grade 10-11	14,663	100.0%	68,261	13.9%	9,558	13.7%	9,533	12.3%	10,672	15.8%	11,085	14.6%	90,285	15.1%	88,878	13.8%
Certificate / diploma without matric	14,663	100.0%	127,586	26.0%	16,280	23.3%	17,871	23.1%	17,866	26.4%	21,240	27.9%	150,851	25.2%	166,697	25.8%
Matric only	14,663	100.0%	2,637	0.5%	534	0.8%	511	0.7%	409	0.6%	405	0.5%	3,626	0.6%	3,552	0.6%
Matric & certificate / diploma	14,663	100.0%	170,231	34.6%	24,850	35.5%	29,063	37.5%	19,612	29.0%	22,938	30.2%	199,565	33.3%	222,231	34.4%
Matric & Bachelor's degree	14,663	100.0%	38,079	7.7%	5,036	7.2%	5,910	7.6%	4,040	6.0%	4,614	6.1%	44,164	7.4%	48,603	7.5%
Matric & Postgrad degree	14,663	100.0%	21,586	4.4%	3,927	5.6%	4,597	5.9%	2,331	3.4%	2,835	3.7%	24,869	4.1%	29,018	4.5%



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## HIV and AIDS

A healthy labour force contributes to the economic productivity of a region and thus to the output. This section provides analysis on the HIV and AIDS indicators.

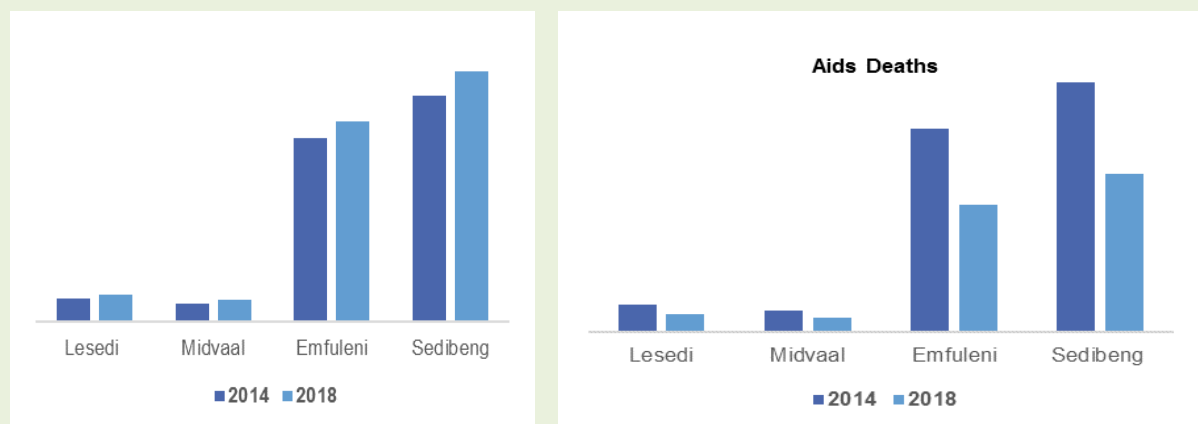
### HIV/AIDS prevalence rates

In recent years, the world has committed to ending the AIDS pandemic by 2030. While this world dream remains the mountain to climb; there are signs in many countries that this feat is achievable. South Africa is amongst the first countries in the world with the largest HIV and AIDS programme. This has drastically and amazingly reduced AIDS-related deaths. In the last two years, the number of people on antiretroviral drugs has increased by almost a third.

South Africa aligning with the World Health Organisation (WHO) 90-90-90 strategy, adopted a commitment of ending HIV and TB co-infections by 2030. In a country challenged by emergence and increase of multidrug resistance TB, it has been necessary to establish collective collaboration through multi-sectoral approach that included Global funding partners. The development of National Strategic Plan 2017/22, has committed all sectors' involvement, to reach set goals with support from AIDS Councils. Through this strategy and the support of Global partners, enrolment and uptake of antiretroviral drugs has increased and mortality rate decreased. Also.

To ensure efficient implementation and monitoring mechanisms, Council has placed HIV & AIDS Secretariat Unit directly within the Office of the Executive Mayor. This include enhancement of both the internal and external controls with regard to the implementation of 2019/20 HIV & AIDS Business Plan.

Figure 3: HIV Estimates and Aids Deaths in 2014 & 2018



Source: (IHS Markit, 2020)

Figure 3 shows the number of people living with the Human Immunodeficiency Virus (HIV) in the Sedibeng district and its local municipalities. In Sedibeng, we observe a marginal increase in the number of people who are HIV positive between 2014 and 2018. Further increases were also prevalent in the district's local municipalities. Despite these increases, the number of AIDS death estimates declined across the region.

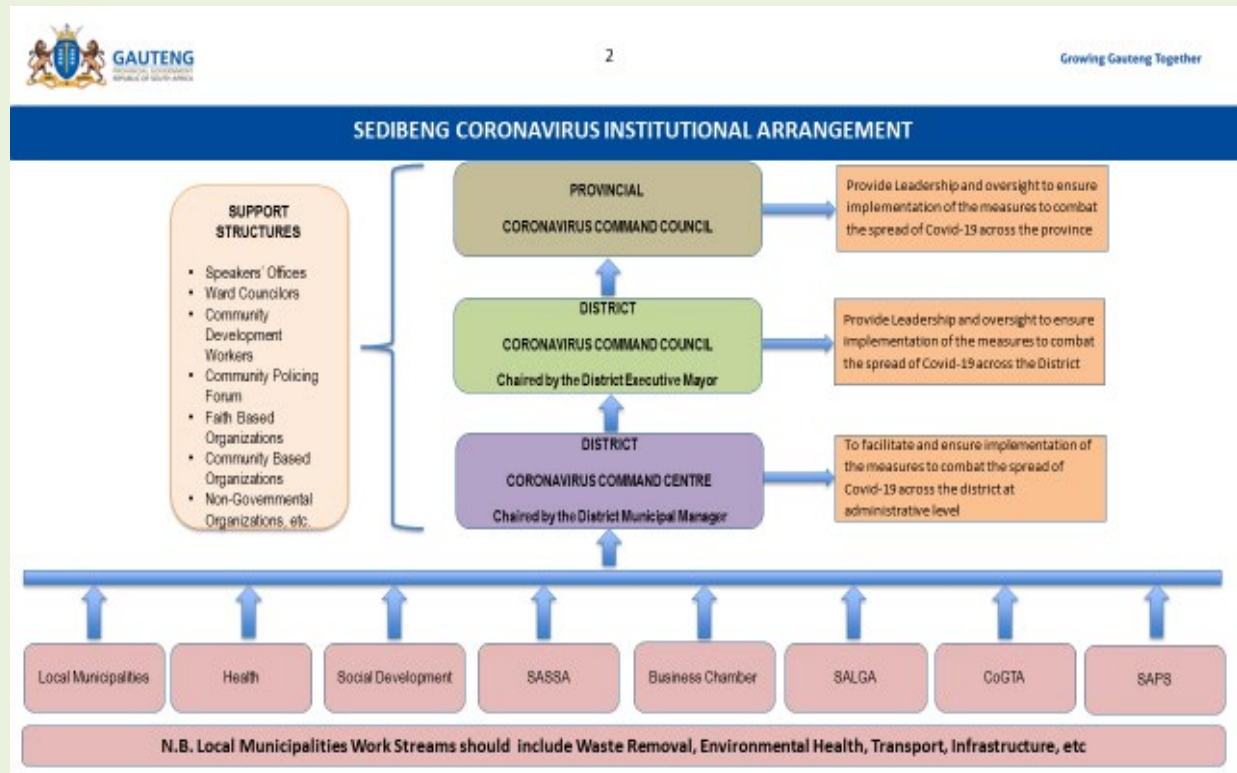
### Covid-19 in Sedibeng District

On Sunday, the 15th of March 2020, President Cyril Ramaphosa declared a National State of Disaster due to the sporadic spread of the Corona Virus (COVID-19) in South Africa and globally. Subsequently, on Monday, 23rd March 2020, the President announced the "Lockdown" which became effective on Friday, 27th March 2020. As an organ of the state, the Sedibeng District Municipality and its locals followed suit to implement all directives issued regarding the announced lockdown, as result of COVID-19. Senior officials of the District and Locals attend Provincial meetings for appropriate guidelines. The District and its locals have prioritized safety of employees, as well as the communities.

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On the daily basis, the district and its locals are responding to the issues of the COVID-19 in its different measures of service delivery. The district and its locals have been established to channel the municipal services to respond to the measures of containing the virus.

## Covid-19 Sedibeng region Institutional arrangements



1. District Command Council deals with political and strategic matters relating to COVID19 – Executive Mayor and Municipal Manager
2. District Command Centre: Coordination and reporting–Managed by Director for Disaster Management and Emergency services
3. District Work-streams: Coordination and reporting by senior management at District and Locals.
4. District JOCOM: Chaired by General Molefe and Brigadier Mokoena Local JOCs/Technical Teams
5. Sedibeng Community Services Cluster: Review and Consolidation of District plans and reports by Executive Director Community Services

Most visibly, the lockdown has resulted in staggering levels of hunger, as household incomes have collapsed and nutritious food has become increasingly difficult to access. Other social impacts, such as job losses, interruptions to public health programmes, loss of access to educational and other child support services, growing challenges with mental health, and increased gender based violence are collectively deepening destitution in many communities.

These social impacts will leave a legacy long after the virus itself is eventually brought under control through a vaccine or effective treatment. National Government has recognized the urgency of providing social support. Ensuring that resources are directed to the areas of most urgent need requires a localized understanding of South Africa's diverse human and physical geography.

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## Provision of Health Services in the region

Health related indicators remain vital for a region's development. A healthy labour force can contribute much more to the economic productivity of a region and thus to the output. This section provides analysis on the health-related indicators. Health services in the region are provided by both Public and Private sector.

In Sedibeng District Municipality, there are three (03) public hospitals, namely Kopanong which is a District Hospital and Sebokeng Hospital which is a Regional Hospital, both are located within Emfuleni Local Municipality and Heidelberg District Hospital which is located at Lesedi Local Municipality. There is no Tertiary Hospital within Sedibeng region. In addition to these public hospitals there are six (06) private hospitals of which four (04) are within Emfuleni Local Municipality, and one is located in Lesedi Local Municipality and Midvaal Local Municipality. Based on this scenario it is evident that hospitals services are more clustered in Emfuleni Local Municipality.

It should be noted that, Primary Health Care (PHC) and Emergency Medical Services (EMS) are the competency of Gauteng Department of Health in terms of the Constitution and the Health ACT 61 of 2003. However; Sedibeng District Council plays a crucial coordinating role through its Intergovernmental Relations (IGR) Forum, namely; District Health Council.

Sedibeng District Health has a total number of thirty- eight (38) Primary health Care Facilities; four (04) Community Health Centres; three (03) Community Day Centres and thirty-one (31) clinics.

The table below illustrates the number of health facilities in the District per sub District and the type of service rendered: financial year 2012/21.

Table 2: Number of Health Facilities

Municipality	Clinics	Community Day Centres	Community Health Centres	District Hospitals	Regional Hospital	Other Hospitals
Emfuleni	20	01	04	01	01	06
Lesedi	08	0	0	01	0	02
Midvaal	03	01	0	0	0	01
<b>Sedibeng</b>	<b>31</b>	<b>02</b>	<b>04</b>	<b>02</b>	<b>01</b>	<b>09</b>

Source: DHIS

There are four (04) Maternity Obstetric Units (MOU) and all these are located within Emfuleni Sub-District, three (03) of the MOU and the PHC operates 24hrs and therefore; there is a backlog of MOUs in Lesedi and Midvaal. In light of these, both Lesedi and Midvaal lack fully fledged Community Health Centres that will operate 24hrs and alleviate the pressure from the District hospitals.

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Table 3: the infant and child mortality from 2016/17 to 2017/18

indicator	2015/16				2016/17				2017/18			
	PHC/CHC /MOU	District Hospital	Regional Hospital	Sedibeng Total	PHC/CHC /MOU	District Hospital	Regional Hospital	Sedibeng Total	PHC/CHC /MOU	District Hospital	Regional Hospital	Sedibeng Total
Death in facility 20 days- 11 months	0	20	21	41	0	15	52	67	0	10	13	23
Death in facility 12- 59 months	0	12	41	53	0	10	65	75	0	4	13	17

Source: DHIS



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Table 4: Women and Maternal Health 2017/18 and 2018/19

AREAS		IMPACT	OUTCOME			OUTPUT		
		Maternal mortality in Facility ratio (per 100k)	Antenatal client initiated on ART (%)	Delivery in facility under 18 years' rate (%)	Antenatal 1st visit before 20 weeks' rate (%)	Cervical Cancer screening coverage (%)	Couple year protection rate (WHO) (%)	Mother postnatal visit within 6 days' rate (%)
		2017/18	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18
Emfuleni SD	Indicator	128.1	95.9	9	70,4	49,6	60,8	53,7
	Numerator	17	1357	1170	8300	9116	92190,3	6976
	Denominator	12851	1415	1298	11793	18378,6	181136,5	12984
Lesedi SD	Indicator	44.7	96.3	15.2	72,1	56,8	86,8	33,5
	Numerator	1	182	323	1179	1471	17436,5	711
	Denominator	2116	189	2124	1635	2588,34	25455,8	2124
Midvaal SD	Indicator	-	97.7	-	74,5	41,5	62,5	-
	Numerator	-	171	-	1172	1168	13352,8	720
	Denominator	-	175	-	1573	2815,91	26619,8	-

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Sedibeng SD	Indicator	116	96.1	9,9	71,0	49,6	63,7	55,6
	Numerator	18	1710	1493	10651	11755	112979,6	8407
	Denominator	14967	1779	15108	15001	23722,39	232843,5	15108

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## 1.2.4. ENVIRONMENTAL OVERVIEW

Environmental quality has been an ongoing concern in the Sedibeng Region for a number of years. Other strategies, The Growth and Development Strategy in particular, through the pillar of “Reviving Our Environment” if effectively implemented, will finally give the region the means to comprehensively address this issue and ensure that its citizens live in an environment that supports a positive quality of life for them, their children and future generations. Sedibeng has identified awareness as a key intervention to assist communities to understand issues around the environment. Lack of environmental skills in the region is addressed through the implementation of career exhibition programs which are supported by various stakeholders.

### Air Quality:

Air quality is affected by the climate, the landscape, natural and economic activities that take place in an area. There are different sources of Air pollution: emissions from industrial processes, domestic fuel burning, vehicle exhaust emissions and waste facilities. Sedibeng District Municipality is regarded as one of the most polluted municipality because of the level of industrialization in the areas within the Emfuleni Local Municipality and Midvaal Local Municipality.

Emfuleni Local Municipality and Midvaal Local Municipality have been declared to be part of the first national priority areas in Vaal Air-shed Priority Area, because of the elevated level of pollution within the area. Lesedi local Municipality is also included in the second declared priority area, the Highveld Priority Area which includes areas in Mpumalanga and Ekurhuleni. Particulate matter has been identified as a pollutant of concern within the region and the major contributors for particulate matter (PM10) is both industrial sources and domestic sources especially in winter.

In an attempt to improve the quality of air in the region, Sedibeng is participating fully in priority area Air-shed implementation forums that seek to ensure the implementation of projects that are identified in the priority area plans (Vaal Triangle Air-shed Priority Area and Highveld Priority Area Air Quality Management Plan).

The plans have been adopted by Sedibeng District Municipality as the region's Air Quality Management plan in order to inform the management of air quality within the region. The objectives of the priority area plans are the same as the district objectives that of achieving clean air for the residents of the region.

However, the municipality is currently having a number of challenges with regard to availability of both human and financial resources to efficiently execute the function of air quality management. The lack of these minimum resources results in the district not being able to implement fully programmes that are directed at reducing air pollution within the region.

Despite the number of challenges to date the municipality has managed to issue a number of licenses to industries in the region. The licensing of industries has been identified as a critical mechanism of ensuring that industries are regulated and emissions improved. The focus is rather not on issuing licenses only, but exercises are conducted in the region, supported by the local municipalities and with the support from province compliance monitoring unit.

The Sedibeng District Municipality has two Ambient Air Quality Monitoring Stations which are operational namely:

- Meyerton Ambient Air Quality Monitoring Station
- Vanderbijlpark Ambient Air Quality Monitoring Station
- The raw data collated from both stations is forwarded to SAQIS for verification.

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## Water Pollution:

Sedibeng is faced with serious water pollution challenges in river systems and water bodies, notably the Kliprivier and Blesbokspruit which are polluted from runoffs from industrial areas, townships and waste water treatment works. The Kliprivier is one of the most polluted rivers in the Sedibeng District as a result of mining and industrial activities in the upper catchments, outside the borders of the Sedibeng.

The state of Sedibeng's surface and ground water quality is influenced by activities within and beyond the boundaries of Sedibeng. External pressures, emanating from mining and industrial activities on the West Rand (Roodepoort and Randfontein) and East Rand (Germiston, Boksburg, Brakpan and Springs), are major contributing factors to the current state of surface and ground water quality in Sedibeng.

The largest internal pressures are limited to the industrialized and urban areas in Emfuleni, including Meyerton, Vanderbijlpark and Vereeniging. Rural areas in Midvaal and Lesedi, where agricultural activities dominate, have a lesser, but nonetheless important influence on the surface and ground water quality. Heidelberg and Devon, which are the main urban areas of Lesedi, also contribute to surface and groundwater deterioration through urban-associated pollution. The main pressures on the quality of surface and groundwater resources in the Sedibeng District are the following:

- Mining activities, including physical mining practices and mining effluent release from mineral extraction and mine dumps;
- Industrial activities;
- Water treatment works;
- Informal settlements, which usually lack services;
- Poorly serviced high-density residential settlements;
- High-density urban areas;
- Coal combustion on the Mpumalanga Highveld, which results in acid rain in the Sedibeng District;
- Water abstraction for urban and agricultural use;
- Flow reduction in streams and rivers as a result of dams and weirs; and
- Agricultural activities.

## Waste:

Sedibeng's history with regards to waste management is not that different to the South African situation in general. The issue of waste as with most local, provincial and national departments has many facets including economical, physical, social and political. Waste management has traditionally taken place on an ad-hoc basis to meet the current needs, with very little foresight into the future needs of an ever-increasing population.

Identification of landfill sites has generally taken the form of unplanned site location with little or no thought of design to reduce potential impacts to the environment, neighbouring communities, etc. With the development of the minimum requirements by the Department of Water Affairs and Forestry (DWAF) for waste disposal by landfill the identification of landfill sites now take a much more pro-active approach in reducing further negative consequences related to an activity such as planning and design.

Local authorities in Sedibeng have indicated that they have neither sufficient funding nor adequate trained staff, to effectively plan and execute their waste management functions in a sustainable manner. Communities have also not been involved in the identification of the landfills, which has resulted in community resistance and/or limited support. The level of services varies from area to area, and in particular the previously disadvantaged areas have been left without proper waste management services. The Sedibeng District's Integrated Waste Management Plan was approved by the Province for

# Chapter 1

inclusion in the IDP as per the Waste Act, in November 2014; and the implementation thereof will assist in achieving the National Waste Management Strategy's goals which are as follows;

- Promote waste minimization, reuse, recycle and recovery
- Ensure the effective and efficient waste services
- Grow the contribution of the waste sector to the green economy
- Ensure that people are aware of the impact of waste on their health, well-being and environment
- Achieve waste management planning
- Ensure sound budgeting and financial management of waste services
- Provide measures to remediate contaminated land; and
- Establish effective compliance with the enforced Waste Act

## Biodiversity

Sedibeng District Municipality has various critical biodiversity areas and protected areas which play critical role in biodiversity conservation. The biodiversity areas include Suikerbosrand Nature Reserve (situated in the north eastern edge of Midvaal Local Municipality and north western portion of Lesedi Local Municipality), Alice Glockner Nature Reserve (Located in the south of Heidelberg in Lesedi Local Municipality, The Kliprivier, Vaal Dam and Vaal river).

The Sedibeng District Municipality falls within priority areas identified in the National Spatial Biodiversity Assessment (NSBA, Driver et al. 2004), and is home to a disproportionately high percentage of rare and threatened species and threatened ecosystems.

It is therefore critical that Sedibeng District Municipality develops a Bioregional Plan for the conservation of biodiversity in the region. Bioregional plan is one of a range of tools provided for in the Biodiversity Act that can be used to facilitate biodiversity conservation in priority areas and outside the protected area network. The purpose of a bioregional plan is to inform land-use planning, environmental assessment and authorizations, and natural resource management.

## Climate Change:

The Sedibeng District Municipality has developed a Climate Change Response Plan in 2016. The plan was developed through assessing vulnerability risks assessment focusing on Agriculture, Biodiversity, Environment, Human Health, Human Settlement and Water. The vulnerability risks assessment focused on the following parameters:

- Exposure,
- Adaptive capacity,
- Sensitivity

Natural Resources	
Major Natural Resource	Relevance to Community
Vaal River	Tourism and fishing which creates jobs and improve the economy of the region
Arable land	Farming which will create jobs, thereby reducing poverty and improve the economy of th region
Suikerbosrand Nature Reserve	Opportunity for tourism which will create jobs and improve the economy

The Municipality must embark on establishing and implementing Environmental Management Plan which should assist in identifying environmentally sensitive areas and awareness campaigns about tourist areas for better utilisation of opportunities.

# Chapter 1

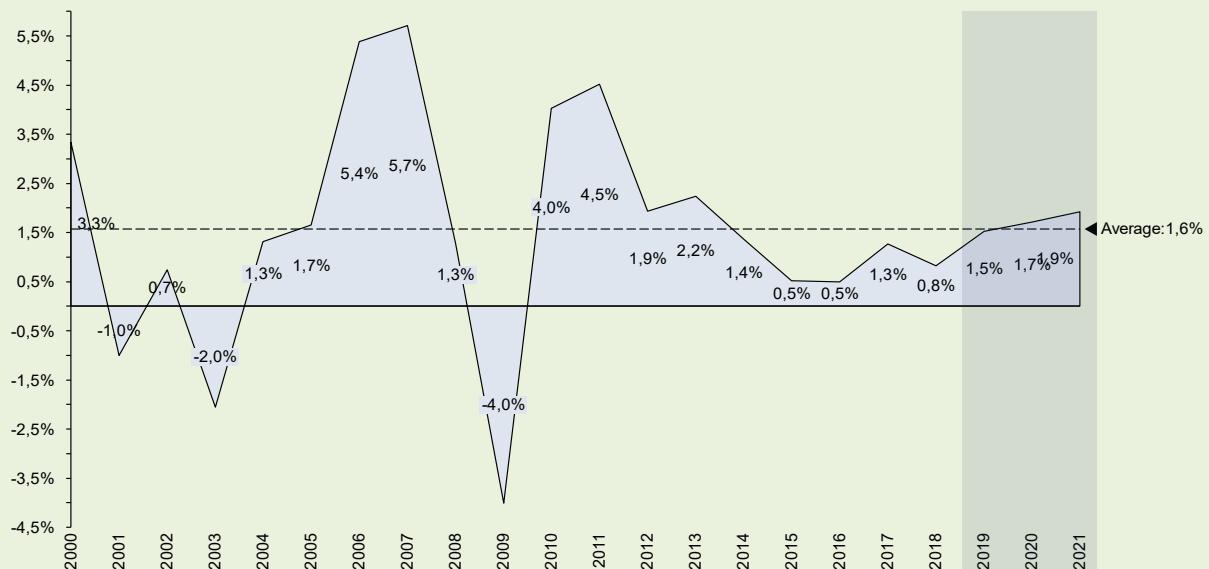
## 1.2.5. Economic Performance of the Region

Sedibeng is the fourth largest contributor to the Gauteng economy. The predominant economic sector in the region is the manufacturing of fabricated metal (mainly steel) and chemicals. This subsection reviews the recent economic performance trends in Sedibeng and its local municipalities. GDP Growth Performance and Expected Growth Sedibeng's economy recovered to 1.3 per cent in 2017 after growing by 0.6 per cent in 2016. This recovery, however was slowed in 2018, with economic growth estimated at 0.8 per cent. The slow pace of economic recovery in the region in 2018 was driven by negative growth in manufacturing output which accounts for 24 per cent of economic activity in the region. The finance sector, which also accounted for a noticeable share of economic activity (21 per cent), grew at much slower pace in 2018.

In 2019, Sedibeng's economy contracted by 0.3 per cent and this was driven mainly by the contraction in the mining, manufacturing and electricity sectors. The constraints associated with energy supply disruptions have contributed to the economic woes of the country and its region Education levels in Sedibeng District Municipality since 2014-2018

With the decline of the manufacturing sector in the Southern Corridor, the municipalities of Sedibeng have experienced significant slowdown in economic activity, particularly Emfuleni where manufacturing activity is dominant. This had major negative effects on the region's economic growth rate. Output growth in other sectors was outweighed by the contraction in the economic activity in the three sectors (construction, manufacturing and mining). In 2019, the manufacturing sector accounted for about 25 per cent of the total Sedibeng economic activity.

Figure 4: GDP Growth of Sedibeng, 2000 - 2021



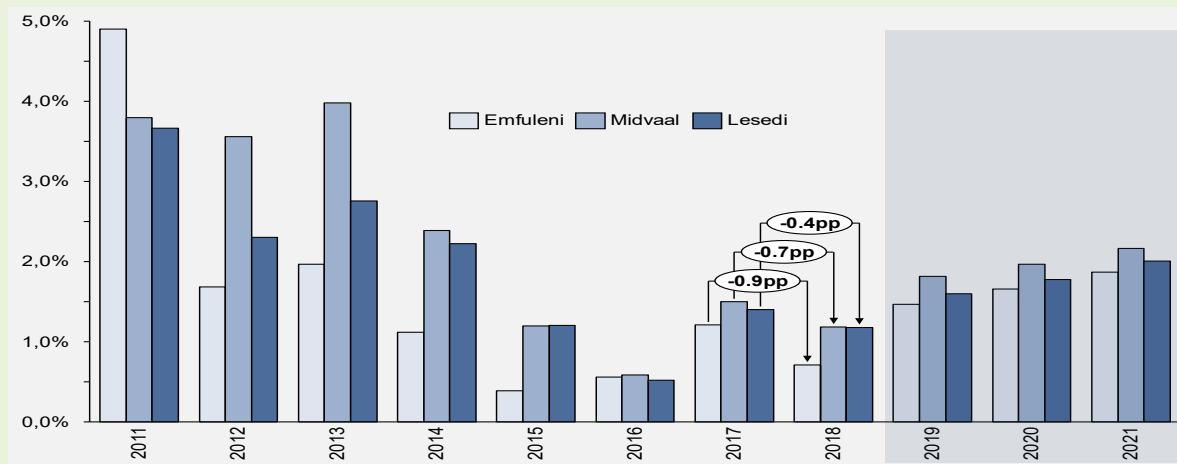
Source: IHS Markit 2019

Note: Shaded Areas illustrates forecasts

Sedibeng's economy recovered to 1.3 per cent in 2017 after growing by 0.6 per cent in 2016. This recovery, however, was slowed in 2018, with economic growth estimated at 0.8 per cent. The slow pace of economic recovery in the region in 2018 was driven by negative growth in manufacturing output which accounts for 24 per cent of economic activity in the region. The finance sector, which also accounted for a noticeable share of economic activity (21 per cent), is estimated to have grown at a much slower pace in 2018.

# Chapter 1

Figure 5: GDP Growth of Local Municipalities, 2004 – 2021



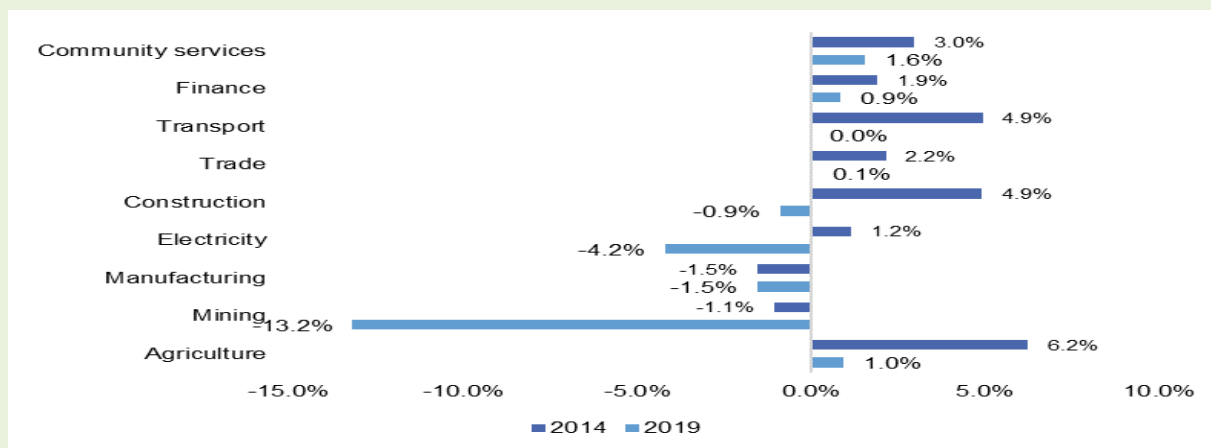
Source: IHS Markit, 2019

Note: Shaded area illustrates forecasts

Similar to the district, growth is expected to have slowed in the Sedibeng local municipalities in 2018. Emfuleni, which is the largest local municipality in the region, is expected to have recorded the lowest growth rate of 0.7 per cent, which is down from 1.2 per cent in 2017. The Midvaal economy is expected to have grown at 1.2 per cent, compared with 1.5 per cent in 2017. Lesedi is estimated to have grown at 1.2 per cent in 2018, down from 1.4 per cent in 2017. The economies of Emfuleni and Midvaal were negatively affected by the negative growth in the manufacturing sector while Lesedi somewhat benefited from better growth in its manufacturing and agriculture sectors.

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Figure 6: Sector Growth, 2014 & 2019





# Chapter 1

The graph above depicts the economic activity decline in the Sedibeng region, which in the main was due a decline in the mining, electricity and the dominating manufacturing sector in 2019. Output growth in other sectors was outweighed by the contraction in the economic activity in the three sectors. In 2019, the manufacturing sector accounts for about 25 per cent of the total Sedibeng economic activity.

## Tourism:

The Sedibeng region has a number of areas with intrinsic potential for tourism. These include areas such as Suikerbosrand nature reserves, the Vaal dam area, areas along the Vaal River, sites in Sharpeville and numerous other historical sites. To unlock and maximize the tourism potential a Tourism Development Strategy for the area was developed and adopted in 2003 and tourism principles, programmes and projects were encapsulated in the Sedibeng Growth and Development Strategy (2004) and the Sedibeng 2010 Strategy (2007).

In 2019 the Sedibeng Tourism Development Strategy was reviewed with the purpose to align it with new and existing legislation, as well as national and provincial strategies and policies. These Strategies and Policies include the National Development Plan 2030, the New Growth Path, the National Tourism Development Strategy 2016-2026, the Gauteng Transformation, Modernisation, Reindustrialization Strategy (2014) (TMR), the Gauteng Tourism Development Strategy (2017), the Sedibeng Growth and Development Strategy, and the Sedibeng Spatial Development Framework (2019).

Amongst others, the Tourism Strategies have the following goals:

- Develop a common understanding of the Tourism industry, defining the roles and the responsibilities of Government in particular and the broader stakeholder groups, in growing the Tourism industry in Sedibeng.
- Develop and formulate strategies to be implemented by each stakeholder group in relation to their respective roles taking the strengths and weaknesses of the Sedibeng tourism sector in consideration.
- Build the capacity of the three major stakeholder groupings (government, private sector and community) to grow tourism and subsequently economic and job opportunities.

In order to realize these objectives, the following key performance areas have been identified:

- Tourism Policy, Strategy, Regulations, Monitoring and Evaluation
- Tourism Institutional Arrangements
- Tourism Demand: Destination Marketing
- Tourism Supply: Product and Skills Development

## Promotion of the development of Tourism Infrastructure

The Sedibeng District Municipality has embarked on a major drive to promote and develop the Tourism Industry in the region as a direct result of the decline in economic activity in the Steel and related sectors of the region. Special emphasis is on the development of township tourism.

## Tourism Potential:

The Sedibeng region with its diverse tourism offerings, embedded in rich cultural and natural heritage products, has the potential to grow into a major tourism destination. Sedibeng district has been classified as an area with above average tourism potential.

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The classification is based on the following:

- Natural Resources
- Cultural Heritage Resources
- Scenic Attractions
- Close proximity to Johannesburg and major travelling routes
- Proximity to markets and airports
- Strong infrastructure
- Inland water resources
- Tertiary Education Facilities
- Quality medical facilities

## Labour Market

Table below shows that in 2014, Sedibeng's working-age population was 628 853 which grew to 656 574 by 2018. Of those 656 574 people, 237 695 were employed, 256 679 were unemployed and 151 826 were not economically active, thus resulting in an unemployment rate of 50.9 per cent. The labour absorption rate stood at 37.8 percent whilst the labour force participation rate has since increased from 67.4 per cent in 2014 to 76.9 per cent in 2018.

Table 5: Working age population 2014 and 2018

	Year	Sedibeng	Emfuleni	Midvaal	Lesedi
Population (15-64)	2014	628 853	487 968	70 606	70 280
	2018	656 574	502 866	76 724	76 983
Labour Force	2014	424 157	330 761	47 538	45 858
	2018	504 747	389 937	57 638	57 173
Unemployment	2014	144 235	115 565	12 929	15 740
	2018	256 679	202 267	24 832	29 580
Employment	2014	256 668	205 849	35 530	15 289
	2018	237 695	187 465	35 455	14 776
Non-Economically Active	2014	204 696	157 207	23 068	24 422
	2018	151 826	112 930	19 086	19 811

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Rates (%)					
Unemployment	2014	34,0%	34,9%	27,2%	34,3%
	2018	50,9%	51,9%	43,1%	51,7%
Employed/ Population ratio	2014	44,5%	44,1%	49,0%	42,9%
	2018	37,8%	37,3%	42,8%	35,8%
Labour Force Participation Rate	2014	67,4%	67,8%	67,3%	65,3%
	2018	76,9%	77,5%	75,1%	74,3%

To date, the issue of unemployment persists and poses a challenge in the district as the number of people unemployed increased between 2014 and 2018. In 2018, the unemployment rates for Emfuleni, Midvaal and Lesedi were 51.9, 43.1 and 51.7 per cent respectively, where the Midvaal had the lowest unemployment rate of the locals. However, Emfuleni region recorded the largest employment gains (18 384) between 2014 and 2018.

Figure 7: Total Employment by Economic Sector in Sedibeng 2014 & 2018

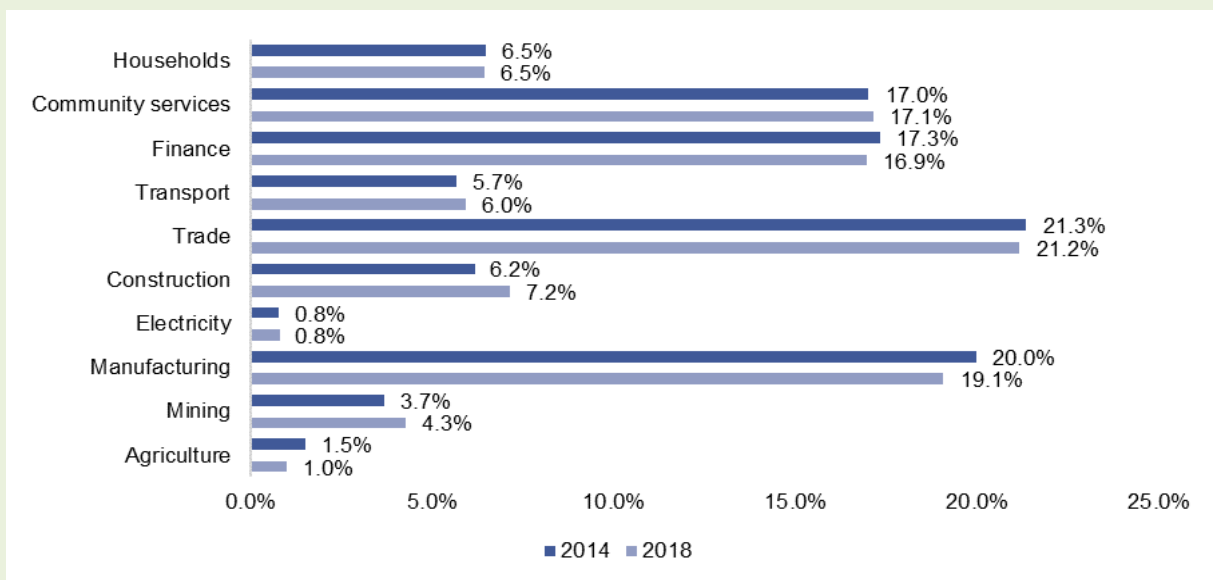


Figure shows employment by sector in Sedibeng for 2014 and 2018. It worth noting that the sector that dominates economic activity, which is manufacturing, is not the biggest employing sector in the region. The trade sector is the biggest employing sector at 21.2 per cent in 2018, while manufacturing is at 19.1 per cent during the same period.

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## 1.3. SERVICE DELIVERY OVERVIEW

Constitutional provisions do not give Sedibeng as a District Municipality, powers to provide basic services. Although the District supports and coordinates the provision of such in Local Municipalities; there are direct services mandated by legislation, which the Municipality provides. These include the Air quality Management; Driver Licensing Testing Centres (DLTC's); Motor Vehicle Registration and Licensing; Public Halls (Vereeniging City Hall); Theatres (Mphatlalatsane and Vereeniging Civic Theatres); Aerodromes; Disaster Relief; Heritage Centres (Vaal Teknorama, Sharpeville Monument); and Taxi ranks

### Core Support Functions:

- Support to Local Municipalities

The Sedibeng District continues to support the local municipalities, wherever possible. The district provides resources wherever possible, although at the moment financial constraints prevents it from monetary support to municipalities. The shrinking Capital Budget of the District has seen diminishing support in capital projects.

- Facilitating Development

This remains one of the key areas that the District plays in both the socio-economic development, the District stimulates investment and facilitates development. For the year under review, the municipality has played a prominent role in assisting in the coordination and facilitation for the developments of projects such as Savannah City.

### Performance Management System and Overview of Performance:

The deliverables set at the beginning of the financial year 2019/2020 IDP and SDBIP were implemented and most of them achieved. The overall performance of the municipality with regards to SDBIP objectives and targets is enunciated further in the chapters that will follow.

## 1.4. FINANCIAL HEALTH OVERVIEW

For the financial year ended 30 June 2020, the municipality's total liabilities (R219 million) exceeded the municipality's total assets (R118 million) and the municipality has moved from a negative (deficit) position in the prior year of R55,6 million to a deficit net worth position (R101.3 Million). This places the municipality in an unattractive standing on the open investment market.

The municipality further declares an operating deficit of R45 million where the total revenue of R366 million was insufficient to meet the operational expenditure of R 412 million for the financial year ending 30 June 2020. This is primarily attributed to the municipality's limited ability to grow and raise revenue from rendering of municipal functions as assigned, as well as from the disproportionate staff structure, which is the primary operating cost of the municipality

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Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	301 541	286 660	284 388
Taxes, Levies and tariffs	6 127	6 076	4 960
Other	98 103	98 728	76 991
Sub Total	405 771	391 464	366 339
Less: Expenditure	429 022	401 210	412 067
Net Total*	(23 251)	(9 747)	(45 728)
* Note: surplus/(defecit)			T 1.4.2

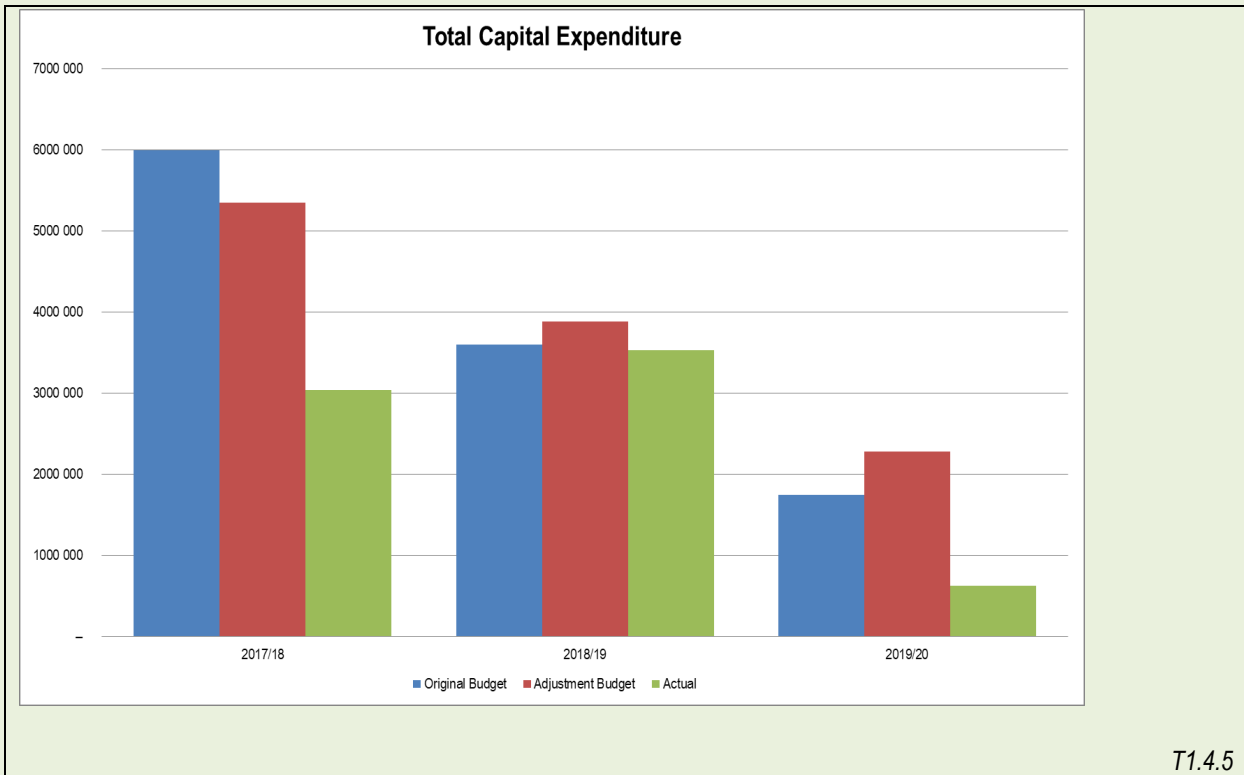
Operating Ratios	
Detail	%
Employee Cost	79%
Repairs & Maintenance	2%
Finance Charges & Impairment	0%
T 1.4.3	

## COMMENT ON OPERATING RATIOS

Employee costs is expected to be approximately 30% to total operating cost; 'Repairs and maintenance' 20%; Finance Charges and Impairment 10%. The Municipality's employee cost is much higher than the expected percentage and therefore the reduction in repair and maintenance cost and general expenses in order to compensate for the employee cost,

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	2017/18	2018/19	2019/20
Original Budget	6 000	3 600	1 750
Adjustment Budget	5 350	3 886	2 283
Actual	3 038	3 530	630
			T 1.4.4

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## COMMENT ON CAPITAL EXPENDITURE

The District Municipality is not capital intensive based on the current power and functions. The lower than expected capital amount is due to the current unfavorable financial situation.

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

For the period under review, the Human Capital of Sedibeng District Municipality comprised of 662 appointed employees, Elected Councillors and appointed community members serving on ad hoc committees. Section 67 of the Municipal Systems Act requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

In an effort to mainstream systems, processes and procedures, the municipality employed the following:

- Only 4 (four) section 57 were appointed, although the Chief Financial Officer resigned in November 2019
- Based on the changing circumstances and the world of work emerging trends, some new policies were developed while other existing ones were reviewed. These were tabled at various council fora for noting and approval at certain levels.
- The district managed to gather and consolidate individual employees' Personal Development Plans, in line with individual job description; and subsequently developed and submitted the Workplace Skills plan for reviewal and soliciting of funds for training.
- The municipality electronic clocking system is being implemented; with electronic leave management adhered to by all employees. Although still having some hiccups with synergising the electronic biometric with the employees' electronic leave management system and the financial system to ensure effective and efficient leave management; there is positive progress that has been made; which will ensure accountability of employees and correct leave credits.

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- Through the Employees Assistance Programme roadshows, employees were empowered on psychological and socio-economic programmes as well as work-related enhancement programmes.
- For the period under review, there are no fatalities emanating from work-related accidents; as will be observed in the table relating to workplace injuries.
- Participation by employees on Employee Equity Programme is implemented.
- Although the Local Labour Forum is fully functional and issues are deliberated and resolved at that level; which has assisted effective delivery of services; we are still to move with job evaluation; where the latter should be finalised once SALGA has appointed the service provider to train the Job Evaluation Committee members.
- The municipality, although in the midst of financial constraints, still continues to pay for employees' personal development and career pathing.

## 1.6. AUDITOR GENERAL REPORT

While the aim is always to ensure that the municipality receives a clean audit; for the period under review, the municipality received an unqualified audit with material findings in the performance information and material non-compliance with laws and regulations. Overall picture indicates a regression as opposed to prior year due to repeat findings that have been identified during this audit cycle and further non-compliance relating to asset management.

The municipality has already developed a remedial action plan to address matters raised in the management letter of the Auditor General. The Accounting Officer has put in place various systems to enable improved systems of internal control and the development of processes to enhance reporting throughout the financial year.



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## 1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

T 1.7.1

# Chapter 2

## CHAPTER 2 – GOVERNANCE



### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 POLITICAL GOVERNANCE

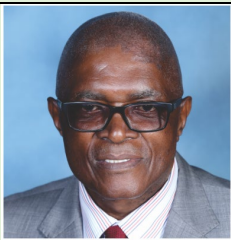


Chapter 7 of the Constitution of the Republic of South Africa, Act 108 of 1996 implores that the legislative and executive functions of a municipality are vested within its Municipal Council.

Sedibeng District Municipality exercised its mandate by separating executive and legislative functions. This it did by delegating certain executive powers to its Executive Mayor. With the introduction of the Municipal Public Accounts (MPAC) and its implied oversight role, there has been a further implied split between the two functions. The MPAC, as a structure of the legislative function, which is Council; assist by providing an oversight role over the executive function (the Executive Mayor). The Speaker leads Council which is constituted of all 49 Councillors. Below is the narrative relating to political structures of the municipality.

#### Political Structures and Functions:

Political Head	Functions
 <p data-bbox="225 1209 545 1236">Cllr. Busisiwe Joyce Modisakeng</p>	<p data-bbox="573 953 737 980"><u>Executive Mayor</u></p> <ul data-bbox="621 1020 1435 1381" style="list-style-type: none"> <li>• Besides the powers and functions accorded to the Executive Mayor in terms of legislation i.e. the MSA, MFMA and others, the Executive Mayor is delegated with the executive function of the Council, as the appointed head of the executive function.</li> <li>• The Executive Mayor exercises political oversight of the administration, except for the Office of the Speaker.</li> <li>• The Executive Mayor presides over the Mayoral Committee Meetings.</li> <li>• Recommends to the Municipality Council strategies, programmes and services to address priority needs through the IDP, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans</li> </ul>
 <p data-bbox="225 1671 415 1698">Cllr. Andiswa Mosai</p>	<p data-bbox="573 1388 760 1415"><u>Speaker of Council</u></p> <ul data-bbox="621 1455 1435 1860" style="list-style-type: none"> <li>• The Speaker of Council performs duties and exercises the powers delegated to the Speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);</li> <li>• Presides over Council meetings, and advice on major legislative compliance issues.</li> <li>• Ensures that the council meets at least quarterly;</li> <li>• Maintains order during meetings</li> <li>• Ensures compliance in the council and council committees with the Code of Conduct set out in Schedule 1 of the Local Government Municipal Systems act 32 of 2000; and</li> <li>• Ensures that council meetings are conducted in accordance with the standing rules and orders of the council.</li> </ul>

# Chapter 2

 <p>Cllr. Assistance Mshudulu</p>	<p><u>Chief Whip of Council:</u></p> <ul style="list-style-type: none"> <li>• The Chief Whip of Council is the chairperson of the ruling party Caucus, Whippers, Multiparty, and Political Management Team (PMT) in council and also plays advisory to the Speaker of Council.</li> <li>• The Chief whip is responsible for allocation of Councillors in different committees of Council and to ensure the attendance and maximum participation in those committees.</li> <li>• The Chief Whip is responsible for administering the Whipping system that ensures that members of the party attend and vote in Council as the party leadership desire.</li> <li>• The following functions are delegated by Council to the Whip of Council, in terms of national conventions on the duties and functions of the Whippers. The Chief Whip of Council is required to:             <ul style="list-style-type: none"> <li>□ Ensure the effective and efficient functioning of the Whips Committee and the Whippers system;</li> <li>□ Assist with the smooth running of Council meetings by:                 <ul style="list-style-type: none"> <li>○ Determining, prior to Council meetings, items on the agenda which political parties may wish to discuss and advising the Speaker accordingly;</li> <li>○ Ensuring that all political parties have nominated councillors to represent their parties and lead discussion on those areas identified by the party, and forwarding such names to the Speaker at least 12 hours before the time set for the Council meeting to commence.</li> <li>○ Allocating speaking times for each of the political parties, in line with the principles of democracy.</li> </ul> </li> </ul> </li> </ul>
<b>MEMBERS OF MAYORAL COMMITTEE</b>	
<b>Name &amp; Surname</b>	<b>Portfolio</b>
 <p>Councillor P.B. Tsotetsi</p>	<p><u>MMC for Finance</u></p> <ul style="list-style-type: none"> <li>• Provides Political Oversight on the rendering supply chain management and financial management services and the increase of revenue collection</li> </ul>
 <p>Councillor S. Maphalla</p>	<p><u>MMC for Administration</u></p> <ul style="list-style-type: none"> <li>• Provides Political Oversight on the rendering of centralised Human Resources Services; Information Communication and Technology support services; Municipal Buildings and Sites; Management of Fleet, General Workers; Protection Services; Corporate and Secretariat support.</li> </ul>

# Chapter 2

 <p>Councillor Y. Mahommed</p>	<p><u>MMC for Sports, Recreation, Arts, Culture, Heritage &amp; Community Safety</u></p> <ul style="list-style-type: none"> <li>Provides Political Oversight on the facilitation and coordination of efficient and effective public safety; promoting a proper understanding and the preservation of local/region history and its impact on the society; coordinating and strategically facilitate sports, arts, culture and recreational facilities development;</li> </ul>
 <p>Councillor Z. Raikane</p>	<p><u>MMC for Social Development</u></p> <ul style="list-style-type: none"> <li>Provides Political Oversight on the provision of comprehensive, integrated, sustainable and high quality health and social development; and the development and implementation of holistic and integrated disaster management planning and practice in a cost effective and participatory manner.</li> </ul>
 <p>Councillor M. Kgomoasera</p>	<p><u>MMC for Development Planning and Human Settlement</u></p> <ul style="list-style-type: none"> <li>Provides Political Oversight on the coordination of Human Settlement, and Development Planning</li> </ul>
 <p>Councillor G. Hlongwane</p>	<p><u>MMC for Local Economic Development and Tourism</u></p> <ul style="list-style-type: none"> <li>Provides Political Oversight on the coordination of the Local Economic Development and Tourism, Integrated Development Planning (IDP),</li> </ul>
 <p>Councillor L. Gamede</p>	<p><u>MMC for Environment and Clean Energy</u></p> <ul style="list-style-type: none"> <li>Provides Political Oversight on the establishment of a safe environment with clean energy and build partnerships to ensure integrated environmental awareness, planning and management:</li> </ul>
 <p>Councillor J. Dlangamandla</p>	<p><u>MMC for Transport and Infrastructure</u></p> <ul style="list-style-type: none"> <li>Provides Political Oversight on the provision of safe, efficient, effective and integrated public transport system and facilities within the region</li> </ul>

## Committees of Council

Sedibeng District Municipality has established all committees and subcommittees to enhance efficiency and effectiveness of governance structures. Such committees operate with clearly defined roles and responsibilities. For instance, the Section 79

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and 80 Committees are set up to deal with oversight roles and provide an advisory role to Council. Council convenes on quarterly basis.

The Municipality's Audit Committee members have been appointed and are functional. The Audit Committee is accountable to Council; and it provides opinions and recommendations on financial processes and performance; and provides comments to the Oversight Committee on the Annual Report. The Sedibeng District Municipality also established a Section 79/Oversight Committees. Some of these committees also include Councillors. The following committees were established:

- Municipal Public Accounts Committee (MPAC)

The Municipal Public Accounts Committee (MPAC) plays an oversight role to Council in respect of the Annual Report, and its oversight report is submitted and published in accordance with the Municipal Finance Management Act requirements and guidance. It also ensures the economic, efficient and effective use of municipal resources. By doing so the Committee helps to enhance the public awareness on financial and performance issues of Council. The MPAC consist of members of the majority and opposition parties.

- Gender Committee

The committee oversees and reviews the alignment, efficiency and effectiveness of gender policy, mainstreaming strategy to implementation. It also oversees and ensures that civic education and awareness programmes, gender analysis and impact assessments are activated within the municipality and across the district.

- Petitions Management Committee

The Petitions Committee has been established as a Section 79 Committee reporting directly to Council. The committee meets at intervals not exceeding six months to submit to Council a report indicating all the petitions received, referred and resolved and a summary of the response to the petitioners/community.

- Ethics Committee and Rules committee

Sedibeng resolved to consolidate Ethics and Rules committee to form one committee which is Rules and Ethics Committee. The Committee helps the Speaker with the performance of the delegated functions; while it also exists to create a clear road map on the implementation of rules within the Sedibeng District Municipality.

It enforces compliance in all sittings and official gatherings of the council. It also puts into place systems that enhance the development of members of the council in terms of conducting fruitful gatherings within the Council. Lastly the committee enforces discipline among its employees during council sittings and public gatherings.

- Remunerations Committee

The Remuneration Committee is established and functional; although it has not set for some time. It is chaired by the Executive Mayor, and is constituted by other members of the Mayoral Council and opposition parties. Corporate Services provides a secretarial service to the committee i.e. responsible for meeting registers, minutes and all other logistics. The committee deals with all remuneration matters of the municipality, including the performance bonuses for the Section 56 employees.

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Other Committees include:

- Audit/Performance and Risk Committee

The Audit and Risk Committee was functional for the period under review. In June 2019, two new Audit Committee Members were appointed by Council and the Audit Committee is fully operational. The previous Audit Committee had approved the 2018/19 Internal Audit Plan, Internal Audit Charter and Audit Committee Charter. The subcommittee on Risk Management ensured that the Risk Management activities such as development of a strategic Risk register together with the mitigation plans were developed.

As per the legislative mandate, the Internal Audit Plan was executed by the Internal Audit team, with reports noted with recommendations by the Audit Committee. These reports included the Performance Information, Finance and Operational Audits. The committee also emphasized the need for management to implement remedial plans timeously to effect the changes required to improve the municipality's internal control environment.

- Section 80 (MSA 32 of 2000) Committees

All 10 Section 80 Committees are established, chaired by relevant members of Mayoral Council, and fully operational. The Municipality has appointed a highly competent and capable administrative leadership led by the Municipal Manager. The administrative wing of governance consists of the Municipal Manager, five Executive Directors, and four Directors (representing the office of the Municipal Manager, Executive Mayor, Speaker and Chief Whip). These members constitute a Management Committee (MANCO) which sits on a fortnightly basis to address both strategic and operational issues.

The municipality has an active inter-governmental relations functions, which is shared across the entire organization. There are constant engagements with all intra-, inter- and external stakeholders, thus to ascertain that information sharing, challenges and updates are communicated on continuous basis. External stakeholders include all spheres of government, and established entities like the office of the Auditor General.

Political Decision-Making:

The administration develops reports based on requests from councillors, communities, individuals, and various stakeholders. These reports are then submitted to various committees established under Section 80 of the Local Government: Municipal Structures Act, 1998 (as amended). These committees, after extensive deliberations and consideration of the reports in their meetings, they recommend to the Mayoral Committee and Council for resolutions of Council. By law, all Municipal council meeting should be open to the public. In addition, it is common and acceptable, based on the Rules of Council; that Councilors submit motions for consideration by full Council.

Municipal Council passes, amongst others, the following:

- Approving budget and monthly expenditure
- Approving Council Policies
- By-Laws
- Tariffs




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## 2.2. ADMINISTRATIVE GOVERNANCE

Legislatively, the Executive Mayor exercises political oversight over the administration, except for the Office of the Speaker. Furthermore, MFMA section 60 (b) directs that the Municipal Manager of a municipality is the Accounting Officer of the municipality; and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The administrative wing of governance consists of the Municipal Manager, five Executive Directors. As the Accounting Officer executing his statutory functions. The Municipality; for some time now, has roped in the Directors from Political Offices to form part of the Management Committee, extending the committee to 10 Management Committee members, namely (MANCO). These members constitute a Management Committee (MANCO) which sits on a fortnightly basis to address both strategic and operational issues.

### Administration Structure and Functions

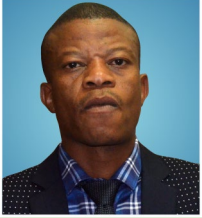


Name and Surname	Position and Functions
 <p>Mr. S. Khanyile</p>	<p><u>Municipal Manager:</u></p> <p><u>Purpose:</u> The formulation, development and management of an economical, effective and accountable administration, in accordance with the Local Government: Municipal Structures Act, 1998 and other applicable legislation</p> <ul style="list-style-type: none"> <li>• Finance Cluster</li> <li>• Corporate Services Cluster</li> <li>• Community Services Cluster</li> <li>• Strategic Planning and Economic Development Cluster</li> <li>• Transport Infrastructure and Environment</li> <li>• Internal Audit</li> </ul>
 <p>Mr. J. Kasvosve</p>	<p><u>Chief Financial Officer</u></p> <p><u>Purpose:</u> To render accounting supply chain management and financial management services for the Municipality, and to increase revenue collection.</p> <ul style="list-style-type: none"> <li>• Financial Management and Budgets</li> <li>• Organisational Supply Chain Management</li> </ul>
 <p>Mr. M. Makhutle</p>	<p><u>Executive Director: Corporate Services</u></p> <p><u>Purpose:</u> To execute functions relating to the rendering of a centralised Human Resources Service; Information Communication and Technology support services; Municipal Buildings and Sites; Management of Fleet, General Workers; Protection Services; and Corporate and Secretariat support:</p> <ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Information and Communication Technology Management</li> <li>• Corporate and Secretariat Services</li> <li>• Protection Services</li> <li>• Facilities Management</li> </ul>

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 <p>Ms. J. Medupe</p>	<p><u>Executive Director: Community Services</u></p> <p><u>Purpose:</u> To execute functions relating to the provision of comprehensive, integrated, sustainable and high quality health and social development; facilitating and coordinating efficient and effective public safety; promoting a proper understanding and the preservation of local/region history and its impact on the society; coordinating and strategically facilitate sports, arts, culture and recreational facilities development; developing and implementing holistic and integrated disaster management planning and practice in a cost effective and participatory manner.:</p> <ul style="list-style-type: none"> <li>• Health and Social Development</li> <li>• Community Safety</li> <li>• Disaster Management</li> <li>• Sports, Recreation, Arts, Culture and Heritage</li> </ul>
 <p>Mr. Z.J. Majola</p>	<p><u>Executive Director: Strategic Planning and Economic Development</u></p> <p><u>Purpose:</u> To execute functions relating the coordination of Strategic Planning and Economic Development; which include Human Settlement, Integrated Development Planning (IDP) Land use management (LUMS), Precinct developments, Local Economic development and Tourism:</p> <ul style="list-style-type: none"> <li>• Local Economic Development</li> <li>• Development Planning</li> <li>• Human Settlement</li> </ul>
 <p>Mr. G. Deyzel</p>	<p><u>Executive Director: Transport, Infrastructure and Environment</u></p> <p><u>Purpose:</u> To execute functions relating to the provision of safe, efficient, effective and integrated public transport system and facilities; the establishment of a safe environment where all people can develop to their full potential; and build partnerships to ensure integrated environmental awareness, planning and management:</p> <ul style="list-style-type: none"> <li>• Transport</li> <li>• Infrastructure Planning</li> <li>• Environment</li> <li>• Clean Energy</li> </ul>
 <p>Mr. A. Mokonane</p>	<p><u>Director: Office of the Executive Mayor</u></p> <p><u>Purpose:</u> To execute functions relating to members of the public who approach it for assistance on issues that concern them. The office looks after the Executive Mayor's political projects and campaigns; and provide political oversight on all Council events:</p> <ul style="list-style-type: none"> <li>• Protocol</li> <li>• Research</li> <li>• HIV&amp;AIDS</li> <li>• Service Delivery Monitoring</li> <li>• Youth Programmes</li> <li>• Stakeholders Management</li> <li>• Communications</li> </ul>



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 <p>Mr. M. Mpontshane</p>	<p><u>Director: Office of the Speaker of Council</u></p> <p><u>Purpose:</u> To execute functions relating to Councillors Welfare; Public Participation; Capacity Building; Committees; Research and MPAC:</p> <ul style="list-style-type: none"> <li>• Councillors Welfare</li> <li>• Capacity Building</li> <li>• Public Participation</li> <li>• Research</li> <li>• Committees</li> </ul>
 <p>Mr. J. Tsoho</p>	<p><u>Director: Office of the Chief Whip of Council</u></p> <p><u>Purpose:</u> To execute functions relating to Caucus, Whippery, Multiparty, and allocation of Councillors in different committees of Council and to ensure the attendance and participation is maximal in those committees.</p> <ul style="list-style-type: none"> <li>• Committees</li> <li>• Research &amp; Protocol</li> <li>• Caucus and Capacity Building</li> </ul>
 <p>Ms. S. Mpeta</p>	<p><u>Director: Office of the Municipal Manager</u></p> <p><u>Purpose:</u> To execute functions relating to Risk Management; Organisational Performance Management; and Internal Audit.</p> <ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Organisational Performance</li> <li>• Intergovernmental Relations</li> </ul>

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

The Sedibeng District Municipality established functional structures to undertake its objectives on Inter-Governmental Relations (IGR). The IGR Unit, located in the office of the Municipal Manager, was capacitated with staff in order to fulfil its objective of close interaction with all spheres of government, thus playing a demanding coordination role.

The 'unqualified audit' status of the Sedibeng District Municipality has encouraged constant engagement with other municipalities, entities and government departments on learning, networking and benchmarking. The unit still sits actively in all district, provincial and national forums.

### 2.3 INTERGOVERNMENTAL RELATIONS

#### National Intergovernmental Structures

The Sedibeng District Municipality actively participates in various key forums at a national level. The key forums include the South African Local Government Association (SALGA) and the National Anti - Fraud & Corruption IGR Forum. In SALGA, the

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Directorate of Community Safety represents Sedibeng District Municipality at the Civilian Secretariat for Police Working Group and Plenary Forums.

These platforms are responsible for policy development and reviews related to the Community Policing Forums, Community Safety Forums, Green Paper on Policing, Rural Safety, etc.

Participation at this level enables the Sedibeng District Municipality to expand and further build its strategic networks, impacting positively in terms of acquisition of best models for the benefit communities within Sedibeng. Information attained from these forums assist the municipality during its policy and procedure processes undertaken on an annual basis.

## Provincial Intergovernmental Structure

Sedibeng District Municipality also participates in various structures at provincial level, namely the Gauteng Intergovernmental Safety Coordinating Committee, MEC/Mayoral Committee Forum, Gauteng Speaker Forum, Premier's Coordinating Forum, and SALGA Working Groups & Functional Areas. SDM is fully represented by the relevant clusters and members of the Political Management Team. Their participation and continuous feedback keep the municipality informed of current issues related to amendments in legislation and new developments in municipal management and strategies

The Municipality has set up these Forums and Committees to advise on direct operationalization of policies, systems, projects and programmes as mentioned above. They advocate integration, coordination and synergy in the region, thus curbing duplications and possible waste of time and public resources.

## Relationships with Municipal Entities

Sedibeng District Municipality established and registered an entity; a state owned company called Vaal River City Promotion Company. The objective of the Vaal River City Tourism Promotion Company (SOC) is to promote and develop the Sedibeng Region as the destination of choice for domestic and international tourists. This, is envisaged that it will be done through various coordinated marketing initiatives such as promoting Vaal River City brand and encouraging the hosting of unique integrated events. This structure is meant to advance district-wide delivery of desired services towards realization of the Growth and Development Strategy (GDS).

## District Intergovernmental Structures

Sedibeng District Municipality, in consultation with all local municipalities in its municipal area, has set up relevant IGR forums to advance cooperation and consultation towards coordinated development and advancement of the region. These structures meet on monthly, quarterly and bi – annual basis. Sedibeng District Municipality and three local municipalities, namely Emfuleni, Lesedi and Midvaal Local Municipalities, are fully represented in these Forums. Some of these are aligned to both national and provincial structures for direct implementation of plans as designated at higher levels.

The Municipality has set up these Forums and Committees to advise on and direct operationalization of policies, systems, projects and programmes as discussed. Various forums like the CFOs Forum, Safety Management Forum, Municipal Environmental Health Forum, Transport and Roads Forum, IDP Task Team Forum, IDP Steering Committee, IDP District wide Lekgotla, and many more were established. These structures advance district-wide delivery of desired services towards realization of the growth and development strategy.

The following Forums are established and operational:

- Joint Mayors Forum; Sedibeng Speakers Forum; Sedibeng Chief Whips Forum; Joint Municipal Managers Forum; Chief Financial Officers Forum; Community Safety Forum; Municipal Environmental Health Forum; Transport and

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Roads Forum; Legal IGR Forum; Disaster Management Forum; IDP Task Team Meetings; IDP Steering Committee; IDP District-wide Lekgotla; and many more.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### Communication, Participation and Forums

The Sedibeng District Municipality held public engagements, including meetings, events and consultations led by both political and administration principals. These occasions were organised according to Sedibeng District Municipality outcomes as aligned to legislative requirements and annual plans; and the District Municipality's Communication Department played a major role to reach all stakeholders, physically and through electronic media, including website information.

- WARD COMMITTEES

The Sedibeng District Municipality has no Ward Committees. However, through the Office of Speaker and in collaboration with local municipalities, it provides oversight, capacity building and support to all Ward Committees.

- PUBLIC MEETINGS

Public comments were integrated into the IDP. Clusters had to respond in writing and in terms of the community needs and clusters individual area of responsibilities.

IDP Business Breakfast Public Participation took place and was successful. This where the Executive Mayor reflects on community needs and municipal future plans and the intentions to address these challenges facing our communities.

### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

Sedibeng District Municipality led a critical process of complete alignment between its process plan and those of local municipalities in the region, namely; Emfuleni, Lesedi and Midvaal Local Municipalities. Sedibeng District Municipality officials and leadership attended public participation sessions organised by these local municipalities for synergy in engagement with various communities. Sedibeng District Municipality communication with its communities did yield positive results and outcomes.

The public used there platforms for engagements and to voice their concerns, as well as appreciations of significant areas of growth and development. They acknowledged that lack of public protests in the area signifies a positive progress by SDM in delivery of basic services as discussed and monitored in the year under review.

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## 2.4 PUBLIC MEETINGS

Public meetings						
Nature and purpose of the meeting	Date of Events	Number of Participating Councilors	Number of Participating Municipal Administrators	Number of community members attending	Issues addressed (Yes/No)	Dates and manner of feedback given to community
IDP Mayoral Breakfast Session	Tuesday, 30 April 2019	10	18	70	Yes	Engagements with business community and encouraging them to invest in the municipal future plans.
IDP Stakeholders Engagement	Tuesday, 30 April 2019	10	18	130	Yes	Provide Stakeholders with feedback on municipal prioritized plans informed by budget implications and constraints.

### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

To ensure there is an active participation of communities in the affairs of municipalities as a fundamental aspect of contemporary local government. The emphasis of it all is that local communities within a municipal area must work in partnership with the municipality's political and administrative structures and thereby creating an environment conducive to the engagement of the public in the affairs of the Municipality so that the Municipality performs its duties and obligations as set out in legislation with regard to public

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

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## COMPONENT D: CORPORATE GOVERNANCE

Sedibeng District Municipality has a strong governance system. All political and administrative structures are set in terms of relevant legislations and aligned in operation to the revised King Report. Municipal Council embraces various circulars from Cooperative Governance and Traditional Affairs (COGTA) and Treasury Departments, to enhance municipal governance.

Sedibeng District Municipality through its Intergovernmental Structures, liaise with all stakeholders at Local, Provincial and National levels. Section 79 and 80 Committees are established to assist political leadership, the Executive Mayor and the Members of the Mayoral Committee with oversight on the total efficiency and effectiveness of the municipal systems. MPAC provides the overall oversight report of the municipality.

Audit Committee is also a critical institution set up as a Section 79 Committee of Council. SDM has built internal capacity in Internal Audit Function, working close with the Audit Committee and technically coordinated and supported by the Chief Audit Executive. The Risk Management Unit, manages and deals decisively with issues of Business Continuity Planning, Ethics & Integrity Management and Anti-Fraud & Corruption related-matters. The Local Labour Forum advocates for harmonious workplace relationship between employer and employees.

The following were achieved during the period under review:

- Intergovernmental Framework is implemented and the coordination is functional and effective.
- All MEC/MMC meetings are attended and reports brought back to the Mayoral Committee.
- Fraud and Corruption issues are addressed as and when they are reported.
- Capacity-building programmes are continuously undertaken by Sedibeng District Municipality.
- Code of Conduct for Councillors and Officials is distributed to all on an annual basis.
- Sedibeng District Municipality is engaged in capacity building programmes for officials to meet minimum competency requirements.
- Adherence to all legislative and compliance requirements.
- All Committees of Council are fully functional.
- Oversight Committees which are Audit and Municipal Public Accounts Committees are functional.
- Political Management Team is fully functional and provide Politico-administrative direction.

### 2.6 RISK MANAGEMENT

The Risk Management Unit provides a comprehensive support service to ensure systematic, uniform and effective Enterprise Risk Management (ERM). The Risk Management Unit plays a vital communication link between operational level management, senior and executive management, risk management committee and other relevant stakeholders. The Risk Management Unit is the custodian of the Enterprise Risk Management strategy and framework, the coordinator of the risk management processes throughout the institution and the institutional advisor on all risk management matters. Top 5 Strategic Risks of Sedibeng District Municipality are:

- Declining economy within the District;
- Difficulty in fulfilling the Districts' mandate;
- District not Operating as a Going Concern (Financial Unsustainability);
- Fraud and Corruption; and
- Inadequate Disaster Management in the District.

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## 2.7 ANTI-CORRUPTION AND FRAUD

Sedibeng District Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent manner. Consequently SDM is committed to fighting fraudulent behaviour at all levels within the organization. The Municipal Manager bears the ultimate responsibility for fraud and corruption and risk management within the Municipality. This includes the coordination of fraud risk assessment, overseeing the investigation of suspected fraud corruption and facilitation of the reported employees or other parties.

In Sedibeng District Municipality, there is an Anti-Fraud and Corruption Unit which comprises of 2 Internal Investigators who report directly to the Municipal Manager. Sedibeng District Municipality reviewed their Fraud Prevention Plan, together with the Fraud Policy & Response Plan.

The plan is premised on the organizations core ethical values, intent and commitment to prevent fraud and corruption together with the planning and organizational measures required in achieving that outcome. Effective planning is essential for preventing fraud and corruption and responding promptly and appropriately when it occurs.

## 2.8 SUPPLY CHAIN MANAGEMENT

Local Government: Municipal Finance Management Act (Act 56 of 2003) requires the municipality to have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'. MFMA section 110 – 119, SCM Regulations 2005, and relevant Local Government: Municipal Finance Management Act (56 of 2003) Circulars, set out required processes and guidance manuals to help ensure that Supply Chain Management arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. The Supply Chain Management Unit resides within the Finance Cluster.

Local Government: Municipal Finance Management Act (56 of 2003) Supply Chain Management Regulations effected June 2005 require that in order to perform the oversight role of Council, the accounting officer must submit a quarterly report to the Mayor of the municipality on the implementation of the supply chain management policy. The reviewed Supply Chain Management Policy (review as per Council Resolution A1631 of 31 May 2017 and item R03 of 42nd Special Council sitting on 07 June 2019) was adopted by Council resolution A1532 on 08 June 2016, in line with the prescripts of Section 111, Local Government: Municipal Finance Management Act (56 of 2003). Reports are compiled monthly to assist Council to perform this oversight function, as well as to promote the municipality's procurement principles of transparency, equal treatment, effectiveness, competitiveness, fairness, ethics, proportionality, uniform application, responsibility, openness, value for money and Commitment to safety, health and the environment.

In addition, the Preferential Procurement Policy Framework Act (Act 5 of 2000) requires an organ of state to determine its Preferential Procurement Policy and to implement it within the framework prescribed. The following bid committees were established and are fully functional:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee.

The Bid Adjudication Committee was established in terms of the provisions of Municipal Finance Management Act (Act 56 of 2003) Supply Chain Management Regulation 29. This committee consist of officials with authority to make final recommendation to the Accounting Officer to award bids in accordance with their terms of reference.

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Bids were evaluated in accordance with criteria set out in the Preferential Procurement Policy Framework Act (Act No: 5 of 2000), Preferential Regulations published in terms of Government Gazette No. 22549, Broad Based Black Economic Empowerment Act (Act No. 53 of 2003), Construction Industry Development Board Act (Act No: 38 of 2000) and also the criteria set out in terms of Municipal Finance Management Act (Act 56 of 2003) Circular 53. Other criteria for technicality, capability and functionality are determined at the cross-functional bid specification stage, wherein due consideration is also given to achievement of Council strategy, project risk assessment, and alignment to the national Expanded Public Works Programme (EPWP).

In terms of “National Treasury Municipal Finance Management Act (Act 56 of 2003) Circular 62 dated 20 July 2012,” accounting officers must approve a plan containing all planned procurement for the financial year in respect of goods, services and infrastructure projects anticipated to exceed R200,000. An approved procurement plan for 2019/2020 had been compiled in conjunction with the approval process for the 2019/2020 Medium Term Revenue and Expenditure Framework of Council. The 2019/2020 procurement plan as approved by the accounting officer, had also been submitted to National and Provincial Treasury, as part of the 2019/2020 Medium Term Revenue and Expenditure Framework package (as per the guidance of “National Treasury Budget Circular 94 dated 08 March 2019”). The Demand Management function shall monitor procurement requests against this plan. Monthly reporting of progress against the 2019/2020 procurement plan was submitted to Gauteng Provincial Treasury for monitoring purposes, as per “Gauteng Provincial Treasury: Municipal Supply Chain Management Circular No. 1 of 2014.”

The annual 2019/2020 procurement plan had furthermore been updated and approved as per the amendments arising from the annual adjustment budget for 2019/2020 which was approved by Council in February 2020. The cross-functional bid specification committee convened on an as-and-when required basis in accordance with the requirements of the approved procurement plan.

The SOLAR system has the database of suppliers and is updated on a daily basis through manual processes. It gives effect to all the Supply Chain Management and legislative requirements. The department receives new applications on a daily basis which show the interest of suppliers in the local economy, while existing suppliers are required to update their vendor information as and when required.

National Treasury have developed a centralised supplier database (CSD) to optimise the efficiency of service delivery. The CSD is interfaced to South African Revenue Service (SARS) to enable tax clearance status verification of suppliers throughout the Procure-to-Pay process and the Companies and Intellectual Property Commission (CIPC) for vetting of business registration and business ownership. All municipalities were required to migrate onto the CSD by 01 July 2016. The SCM unit at the municipality is registered onto the CSD and the SCM Demand Unit has begun incorporating information from CSD onto the existing SOLAR database, on an as and when required basis. The Acquisition Unit has also begun running parallel processes for the sourcing of quotations between R1, 000 up to R30, 000 on both, the SOLAR database and the CSD in order to not disadvantage any existing suppliers on the municipal database set.

It should be noted that as these processes are currently not automated, they are being managed internally on a manual basis and this has as a result increased the Supply Chain Management Acquisition Unit’s turnaround time, in order to assure Council that compliance with legislation is not being compromised. SARS has furthermore phased out the issuing of Tax Clearance Certificates and suppliers are encouraged to submit their Personal Identification Number (PIN) codes to municipalities in order to verify their good standing status. The municipality’s SCM unit cross-references these letters of good standing against the CSD for verification purposes.

Regulation 36 of the Supply Chain Management Regulations allow for the accounting officer to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient



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process, which may include direct negotiations, but only in an emergency; (if such goods or services are produced or available from a single provider only) for the acquisition of special works of art or historical objects where specifications are difficult to compile; acquisition of animals for zoos; or in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

There were a total of ten (10) Regulation 36 procurement transactions approved as deviations during the 2019/2020 financial year to a value of R 1,545,219.74. The details per transaction and reasons are recorded and disclosed in the notes to the Annual Financial Statements.

Furthermore, Supply Chain Management regulation 17(1) (c) requires a municipality to maintain a register recording the reasons where three quotations were not obtained, and report on those awards on a monthly basis. A total of forty (40) procurement transactions were duly ratified by Council to the total value of R 1,508,291.54 as minor breaches of a technical nature from procurement transactions as per Council policy and as per SCM Regulation 36(1)(b).

Regulation 32 of the Supply Chain Management Regulations allows the Accounting Officer to procure goods or services for the municipality under a contract secured by another organ of the state, but only if-

- a. The contract has been secured by that other organ of state by means of a competitive bidding process  
Applicable to that organ of the state;
- b. The municipality has no reason to believe that such contract was not validly procured;
- c. There are demonstrable discounts or benefits for the municipality to do so; and
- d. That other organ of the state and provider has consented to such procurement in writing.

An application under Supply Chain Management Regulation 32 was made by the Municipal Manager to Emfuleni Local Municipality and Lesedi Local Municipality in the month of June 2019, to procure services from their property valuation service provider(s) under the contracts secured by these local authorities by means of competitive bidding processes. The municipality was still awaiting responses at the time of reporting.

National Treasury under Municipal Finance Management Act (Act 56 of 2003) Circular 100 issued on 19 March 2020 provided guidance on emergency procurement under the Disaster Management Act in reaction to the Covid-19 pandemic. Provisions were made for municipalities to procure protective personal equipment and medical consumables under National Treasury transversal contracts. Circular 100 was subsequently replaced by MFMA Circular 101 "Covid-19 Bulk Central Procurement Strategy for Government Institutions" where procurement of high demand medical personal protective equipment (PPE) was centralised under National Treasury's bulk procurement procedures to assist government institutions with defeating artificially inflated prices, as well as to respond to high demand for specific medical goods such as alcohol based hand sanitizer and face masks. National Treasury also were in conjunction with National Department of Health vetting the goods procured against minimum acceptable quality standards. The municipality made one (01) application for procurement of Personal protective clothing under the prescriptions of Circular 101 during the month of April 2020, however, this transaction was subsequently recalled when National Treasury Municipal Finance Management Act (Act 56 of 2003) Circular 102 "Emergency Procurement in Response to National State of Disaster" dated 05 May 2020 replaced MFMA Circulars 100 and 101.

Contract management is the function of the cross-functional Contract Management Committee which resides with the Municipal Manager Office: Legal and Support, and their reporting obligations lie under the Office of the Municipal Manager Legal Portfolio. The Supply Chain Management Policy places the responsibility to conduct performance evaluation based on the vendors' performance with regards to delivery of goods/ services against pre-determined criteria as entered into through



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service delivery contracts on the end-user departments as the project managers. These performance evaluations are reported on a quarterly basis through to the Contract Management Committee. The service providers are being evaluated on a scale of 01 (Poor) to 05 (Excellent) in the following criteria:

- Delivers Goods/Services Timeously; and
- Provides Products/Services That Meet Specifications/Requirements.

## 2.9 BY-LAWS

Section 152 (2) of the Constitution of the Republic of South Africa empowers the district to promulgate and implement By-laws; to enable effective and efficient administration of its matters.

These By-laws are anticipated to be reviewed annual and some as and when the need and circumstance arise. For the year under review, only one By-law as promulgated regarding Tariffs. This is done annually as mandated by legislation so that they talk to the Budget of the municipality.

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
	Municipal Tariffs	Yes	During IDP process	Yes	26-Jun-19

## 2.10 WEBSITES

Legislation requires that the municipality publishes its business activities in the website. This assists the community to assess how the municipality is doing in terms of programmes and projects, inclusive of the financial spending. Corporate Services Cluster has the responsibility of overseeing the operations of Internal Communication; where the website unit resides. This Unit is responsible for the design, layout and uploading of all relevant documentation related to the District functions and compliance onto the website. It is therefore required of the municipality clusters and departments to furnish the webmaster, on monthly basis, the information to be uploaded in the website.

The Internal Communication Unit has finalised a new and easily accessible website. The website is fully functional on all devices (Personal Computers, laptops, tablets and phones). In collaboration with the External Communications Department, notices and information is posted on social media which then leads stakeholders to the website, other online platforms such as SEO (Search Engine Optimization) are utilised to lead users to the website.

# Chapter 2

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	14-Jul-20
All current budget-related policies	Yes	14-Jul-20
The previous annual report (Year -1)	Yes	3-Jun-20
The annual report (Year 0) published/to be published	Yes	14-Jul-20
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	4-Feb-19
All service delivery agreements (Year 0)	Yes	
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	N/A	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	5-Nov-19
Public-private partnership agreements referred to in section 120 made in Year 0	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	3-Jun-20

The Public can access information on [www.sedibeng.gov](http://www.sedibeng.gov). 24 hours a day by viewing some information on respective pages. Some other information is available as downloads i.e. PDFs (Readable with Acrobat Reader). In addition, the district has also established an Anti-Fraud and Corruption hotline. 0860 061 022; which is linked to the Office of the Municipal Manager.

The website can be accessed at public libraries for members of the community who do not have devices and can be accessed at public Wi-Fi hotspots for members of the community who have limited data. The website consists of 80%

# Chapter 2

Hyper Text Mark-up Language (HTML) and Cascading Style Sheets (CSS) code which means it does not consume too much network data on any device and can be comfortably viewed on free data.

ACTIVITY	BYTES	
	2018/2019	2019/2020
<b>HITS</b>		
Total Hits	553 478 904	5573297
Average hits per day	117663	12352
Average hits per visitor	8	17
<b>Visitors</b>		
Total Visitors	202456	214999
Average visitors per day	458	612
Average time spent	5 minutes	3 minutes
Total Unique IPs	4723	14752
<b>Resources Accessed</b>		
Total Page views	1 736	867629
Average Page Views per Day	2042275	1668
Total File Downloads	515636	4789332
Average File Downloads per day	1412	10185
Average File Downloads per visitor	3	16
<b>Other Resources</b>		
Total other Resources per Day	N/A	N/A
Total other resources per Visitor	N/A	N/A
<b>Images</b>		
Total Images	85	85
Average images per day	5	5
Average images per Visitor	8	8
<b>Bandwidth</b>		
Total Data Transfer	553478904	507063533
Average Data Transferred per Day	1516380	1103868
Average Data Transferred per Hit	12887	1519
Average Data Transferred per Visitor	2733	30662

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

SDM has no constituency; as such did not conduct public satisfaction levels surveys; however the municipality relies on the public participation for such as the social media. These and public participation engagements have given the municipality the nod from members of the public.

# Chapter 3

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### COMPONENT A: BASIC SERVICES

This Chapter provides information and gives account of all services that were provided by the municipality during the year under review. However, it is noted that basic services such as the provision of water (3.1); waste water (sanitation) (3.2); electricity (3.3.) waste management (3.4); housing services (3.5); and some free basic services (3.6) are provided at local municipality level. The district plays a facilitating and coordinating role in direct liaison with local municipalities.

Furthermore, this chapter closely focuses at what the district municipality set out to achieve at the beginning of the financial year; and the achievements thereof. All anticipated projects and programmes are enshrined in the IDP and SDBIP; and all are also outlined in the 5+2 Pillars of the IDP. The pillars are:

- Re-invent our Economy
- Renew our Communities
- Re-integrate our Region
- Revive our Environment
- Release Human Potential
- Good Governance
- Deepening Democracy

The Transformation, Modernization and Reindustrialization (TMR) Programme pursued by the Gauteng Province 5th Administration; which brought a sign of urgency and renewed hope is included in the objectives of the municipality as a guiding principle. The municipality achieved most of its objectives in the year under review. The municipality's powers and functions doesn't allow it to offer basic services; as such the municipality renders very few services directly to residents. These include:

- Licensing on agency basis
- Emergency Medical Services
- Facilities e.g. Theatre, Hall

Comprehensive information on the above mentioned services is captured under the same titles later in the report. While local municipalities provide the following basic services as outlined below, Sedibeng District Municipality only plays a coordinating and facilitating role in housing and transport. They are water, sanitation, electricity, waste management, some free basic services, including indigent services.

#### 3.1. WATER PROVISION

The provision of water is primarily a function of local municipalities.

#### 3.2. WASTE WATER (SANITATION) PROVISION

This services is primarily a function of local municipalities.

#### 3.3. ELECTRICITY PROVISION

Some functions are provided by local municipalities while a certain portion is provided by ESKOM.

# Chapter 3

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## 3.4. WASTE MANAGEMENT

Local Municipalities' primary function is to provide waste management.

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## 3.5. HOUSING

Schedule 4 of our Constitution stipulates what functions each sphere of government is responsible for. It states that housing is a function of our National and Provincial Governments. But in reality, although the finance for housing development is provided by National Government, through Provincial Government, the management of the implementation of housing projects has become the responsibility of Sedibeng District Municipality. Because of the resources required to take on this responsibility, this is often referred to as an under-funded or unfunded mandate, which are mandates or responsibilities where Sedibeng performs certain functions or activities for which they do not have any clear source of funds. In particular, Sedibeng is expected to carry out functions that are not specified or not allocated in the Constitution.

The human settlements development function in Sedibeng Region is administered by Gauteng Department of Human Settlements (GDHS) and like in the last financial year, is characterized by different challenges like slow delivery of houses, water logged stands, invasion of houses, delay in allocation to beneficiaries, community protests, delays in electricity reticulation in the almost complete projects etc.

Sedibeng District Municipality (SDM) role is only to coordinate and monitor human settlements programs through established Human Settlements Coordinating Forum. The Forum is made up of GDHS, the three local Municipalities and the District. The Forum discusses issues such as provision of houses, title deeds, engineering services, land use applications and etc. Sedibeng District Municipality received funding from the Gauteng Provincial Treasury (GPT) to register and transfer Title Deeds to beneficiaries. Sedibeng District Municipality subsequently appointed conveyancers to assist with this process which is currently underway. Major concern is that as a district, we are still struggling with the registration and transfer of title deeds

Quarterly progress reports "regarding human settlements are compiled and submitted to Section 80 Committee and Council. Hostels' budget allocation that was missing in the 1st quarter was made available in the 3rd quarter through the intervention by Sedibeng District Municipality. Major concern is that as a district, we are still struggling with the registration and transfer of title deeds.

### COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Housing is a function of Province and therefore the district municipality can only coordinate and facilitate where it is permitted to do so. The district municipality can only eradicate the current housing backlogs and other related challenges once the function of housing is relocated to the district.

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## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Free basic services, including Indigent support are implemented by local municipalities

# Chapter 3

## COMPONENT B: ROAD TRANSPORT

### 3.7 ROADS

The provision of roads planning and infrastructure resides within local municipalities in the district. The Sedibeng district municipality is however developing the rural roads asset management system for the local municipalities. This digital system will help municipality to better manage the road infrastructure and develop preventative maintenance plans.

### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The Sedibeng District Municipality is currently not providing the bus services. The Public bus services in the district is provided by the Gauteng Provincial Government through the Department of Roads and Transport.

The Sedibeng District Municipality is currently developing the Sedibeng District Integrated Plan (DITP) inclusive of the associated local municipalities ITP's consisting of Emfuleni, Lesedi and Midvaal Local municipalities. The plan will include but not limited to:

- Commuter Rail Information
- Rail Infrastructure
- Road based public transport information
- Transport needs assessment

#### MOTOR VEHICLE LICENSING AND REGISTRATION

Sedibeng District, on an agency basis and on behalf of Provincial Department of Roads and Transport; runs a successful vehicle licensing and operations. This is attested by the increasing number of clients utilising the services.

However, there are incidents of misconducts by employees. These are handled jointly by province and Sedibeng District Municipality. The Service Level Agreement between province and the municipality is in the process of review. In addition, the municipality is looking at reviewing the Strategy; which will be in line with the province and the municipality's strategies, goals and objectives.

The risks regarding cash at licensing centres still remain a concern but the municipality is engaging relevant banks to reinforce cash management; which should reduce theft and potential and current robberies at these centres.

# Chapter 3

Capital Expenditure Year 0: Transport Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.8.6

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

These services is provided by Local municipalities

### COMPONENT C: PLANNING AND DEVELOPMENT

Sedibeng District Municipality has developed a Growth and Development Strategy and a Spatial Development Framework which both seek to address the current challenges of unemployment, poverty and inequalities.

These strategic policy documents respond to the need to diversify our economy which was once steel industry driven. The economic diversification is now focused on creating industries that are Tourism, Agricultural and Logistics driven. The Sedibeng region possesses competitive and comparative advantage in the present Vaal River, Vaal Dam, Gas, Arable land, National and Provincial roads and rail which traverse the region.

Strategies and Plans to develop the region have been put in place, however the major challenge which has halted development in the region over the past and present decades has been lack of sewer services. Plans to build a Sedibeng Regional Sewer Scheme which includes upgrading of existing Waste Water Treatment Works have been delayed by lack of funding towards the project.

## 3.10 PLANNING

Sedibeng District Municipality (SDM) is responsible for the Spatial Planning of the district and Local Municipalities are responsible for deciding on Land Use matters in terms of Spatial Planning and Land Use Management Act (SPLUMA, 2013). Therefore all statutory applications are submitted and decided by Local Municipalities, the district can only comment when requested to do so.

SDM therefore uses Land Use Management Systems (LUMS) as a tool to manage spatial planning and land use in the region. LUMS consists of the Spatial Planning and Geographic Information Systems (GIS).

# Chapter 3

- Spatial Planning

## Spatial Development Framework (SDF)

The SDF is reviewed annually in line with the Integrated Development Plan (IDP) in accordance with the Municipal Systems Act Chapter 5 section 26 (e) and the Spatial Planning and Land Use Management Act 16 of 2013.

- Regional Spatial Development Framework (RSDF)

SDM in partnership with Fezile Dabi District Municipality, Gauteng Office of the Premier and Department of Rural Development and Land Reform have embarked on a process to establish and develop a Regional Spatial Development Framework (RSDF) for the areas around the Vaal River and Vaal Dam. The delineation of this RSDF includes sections of the North West and Mpumalanga Provinces respectively. The project has currently stalled due to the changes of the Spatial Planning and Land Use Management (SPLUM) function being moved from DRDLR to the Monitoring and Evaluation Department. This shift has caused confusion on which Minister should promulgate and declare the area as a region in line with the act.

- Sedibeng District Rural Development Plan (SDRDP)

SDM in partnership with the Department of Rural Development and Land Reform (DRDLR) have developed a SDRDP. Through this, a service provider has been appointed to conduct two (2) feasibility studies and five (5) precinct plans in the identified rural spaces.

- Southern Corridor Regional Implementation Plan

SDM together with the Office of the Premier has identified key projects that will change the socio-economic impasse in the region. These are projects which will impact on the broader Gauteng City Region (GCR) in terms of the Gauteng 2055 vision. These projects will be used as a marketing tool for the region and an Implementation Plan has been developed.



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The following table outlines progress made, challenges and interventions:

Table 8: Projects

PROJECT	PROGRESS	CHALLENGES AND SDM INTERVENTION
Sedibeng Regional Sanitation Scheme	<ul style="list-style-type: none"> <li>• ERWAT appointed by National Government however contract terminated in April due to non-performance</li> <li>• Community protests halt progress on site</li> <li>• Module 6 commenced to commence on the 1<sup>st</sup> of July</li> </ul>	<ul style="list-style-type: none"> <li>• Government shortfalls hinder plans to combat crime on site</li> <li>• Powers and Functions to be re-allocated to the District. Action on facilitation dragged due to lock down.</li> <li>• New implementing agent to be introduced to SDM and three local municipalities as well as PSC. Updating of report on progress and challenges to be followed up by SDM. SDM and Rand Water to arrange virtual meetings where technical meeting can't take over.</li> </ul>
Sedibeng Government Precinct	<ul style="list-style-type: none"> <li>• Pricewaterhouse Coopers appointed as Transaction Advisors for the project.</li> <li>• Project is currently at market analysis phase.</li> </ul>	<ul style="list-style-type: none"> <li>• Department of Infrastructure Development and Department of Public Works are not showing appetite for the project. These entities are pivotal to the success of centralizing government services at one point as a means to improve service delivery to Sedibeng communities.</li> <li>• Sedibeng has sent letters to both entities requesting letters of interest to be sent to indicate desire to partake in the project.</li> </ul>
Vereeniging Fresh Produce Market	<ul style="list-style-type: none"> <li>• Feasibility study finalized and ready for advertisement.</li> <li>• Notice has been promulgated inviting public comments on the feasibility study until the 6<sup>th</sup> of October 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• No challenges at present.</li> </ul>
Vaal Logistics Hub	<ul style="list-style-type: none"> <li>• Feasibility study has been concluded.</li> <li>• Need to invite public comments on the feasibility study.</li> </ul>	<ul style="list-style-type: none"> <li>• Project not coordinated by the district.</li> <li>• DM has indicated to both GIFA and Emfuleni of the desire to be part of the project team.</li> </ul>
GraceView.	<ul style="list-style-type: none"> <li>• Township application has been approved by Midvaal Local Municipality.</li> </ul>	<ul style="list-style-type: none"> <li>• Sewer is a major challenge.</li> <li>• Solution is part of the Sedibeng Regional Sewer Scheme.</li> </ul>
The Graceland	<ul style="list-style-type: none"> <li>• Application has been approved by Midvaal Local</li> </ul>	<ul style="list-style-type: none"> <li>• Sewer is a major challenge.</li> </ul>

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PROJECT	PROGRESS	CHALLENGES AND SDM INTERVENTION
	Municipality.	<ul style="list-style-type: none"> <li>• Solution is part of the Sedibeng Regional Sewer Scheme.</li> </ul>
Heidelberg CBD	<ul style="list-style-type: none"> <li>• Project is ready for implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of funds to implement the plan.</li> <li>• District in the process of packaging all projects that are ready for implementation to make them bankable and ready for investment.</li> </ul>
Vaal River City	<ul style="list-style-type: none"> <li>• Tender for a new road interchange has been advertised by GAUTRANS.</li> <li>• In the process of delineating earmarked areas for Special Economic Zone submission to the DTI.</li> <li>• A letter has been sent to GIFA for assistance with conducting a feasibility study for the planned National Airport.</li> <li>• In the process of forming a Project Steering Committee for the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Delay by the Gauteng Department of Human Settlement to declare Phase 1 of the project as "Restructuring Zone".</li> <li>• Department of Agriculture, Land Reform and Rural Development delays on the transfer/donation of land to the district municipality.</li> <li>• The PSC will assist the municipality to both coordinate and facilitate matters pertaining the project.</li> </ul>
R59 Corridor	<ul style="list-style-type: none"> <li>• Plan has been approved by the Midvaal Local Municipality and incorporated in the Spatial Development Frameworks of both the district and the province.</li> </ul>	<ul style="list-style-type: none"> <li>• Project still stagnant due to lack of bulk services and currently no funding for implementation.</li> </ul>
Sicelo Precinct	<ul style="list-style-type: none"> <li>• Request made to MLM for appointment of independent valuation to be conducted on the site.</li> <li>• The land owner has submitted his new property evaluation. His old value was found by SDM and MLM project team as too expensive.</li> </ul>	<ul style="list-style-type: none"> <li>• MLM to perform valuation and make available for purchase negotiations.</li> <li>• Property evaluation of land owner and that one of LLM to be compared and if there is conflict, the two evaluators to sit and agree on one consolidated value.</li> <li>• Project identification and presentation to Programme of interest of Department of social development to be facilitated.</li> </ul>
Lesedi Transit Hub	<ul style="list-style-type: none"> <li>• Developer in place (Tecino);</li> <li>• Warehouse port is at the Environmental Impact Assessment (EIA) stage;</li> <li>• Commercial development in Kwa-Zenzele awaiting township establishment.</li> </ul>	<ul style="list-style-type: none"> <li>• Project communication to take place on virtual meetings and other forms to keep updated.</li> </ul>

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PROJECT	PROGRESS	CHALLENGES AND SDM INTERVENTION
Doornkuil Precinct	<ul style="list-style-type: none"><li>• CADRE Planning Pty Ltd has been appointed to conduct a feasibility study on the plan.</li></ul>	<ul style="list-style-type: none"><li>• Feasibility study process to commence in August 2020.</li></ul>
Devon Tannery	<ul style="list-style-type: none"><li>• CADRE Planning Pty Ltd has been appointed to develop a Precinct Plan for the area.</li></ul>	<ul style="list-style-type: none"><li>• Project is in the analysis phase and progress presented in the PSC.</li></ul>
Langzeekoegat Precinct	<ul style="list-style-type: none"><li>• CADRE Planning Pty Ltd has been appointed to conduct a feasibility study on the plan.</li></ul>	<ul style="list-style-type: none"><li>• Feasibility study process to commence in August 2020.</li></ul>

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## Geographic Information Systems (GIS)

An integrated GIS system has been developed for the district and local municipalities. The system includes a central server which is located at the district offices and a viewer which is accessed by all municipalities.

Lesedi Local Municipality is the only Local Municipality that is not connected to the central server. This is due to the fact that the municipality is not on the centralized ICT network of the Sedibeng District Municipality; which poses a challenge in terms of data transfer and storage.

More funds are required to complete the GIS project that will enable the district and its' local municipalities to make well informed decisions on development of land and land programmes.

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
<b>Total</b>	<b>55</b>	<b>93</b>	<b>55</b>	<b>38</b>	<b>41%</b>

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.10.4

Financial Performance Year 0: Planning Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
<b>Total Operational Expenditure</b>	<b>195</b>	<b>732</b>	<b>750</b>	<b>744</b>	<b>2%</b>	
<b>Net Operational Expenditure</b>	<b>75</b>	<b>607</b>	<b>650</b>	<b>649</b>	<b>6%</b>	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.10.5

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## COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The role of the district is to guide and manage the development of land in the region. Tools such as the Geographic Information Systems are pivotal in executing such a task in that with such a tool, trends can be tracked and disasters can be averted. The district therefore needs financial and human capacity to execute GIS related activities.

### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Sedibeng is the fourth largest contributor to the Gauteng economy. The predominant economic sector in the region is the manufacturing of fabricated metal (mainly steel) and chemicals. This sub-section reviews the recent economic performance trends in Sedibeng and its local municipalities.

#### GDP Growth Performance and Expected Growth.

Sedibeng's economy recovered to 1.3 per cent in 2017 after growing by 0.6 per cent in 2016. This recovery, however, is expected to have slowed in 2018, with economic growth estimated at 0.8 per cent. The slow pace of economic recovery in the region in 2018 and 2019 was driven by negative growth in manufacturing output which accounts for 24 per cent of economic activity in the region. The finance sector, which also accounted for a noticeable share of economic activity (21 per cent), is estimated to have grown at much slower pace in 2018.

The constraints associated with energy supply disruptions have contributed to the economic woes of the country and its regions, Sedibeng's economy contracted by 0.3 per cent in 2019 and this was driven mainly by the contraction in the mining.

With the decline of the manufacturing sector in the Southern Corridor, the municipalities of Sedibeng have experienced significant slowdown in economic activity, particularly Emfuleni where manufacturing activity is dominant. This had major negative effects on the region's economic growth rate.

The decline in economic activity in the Sedibeng region was mainly due to a decline in the mining, electricity and the dominating manufacturing sector. Output growth in other sectors was outweighed by the contraction in the economic activity in the three sectors. In 2019, the manufacturing sector accounts for about 25 per cent of the total Sedibeng economic activity.

#### COMMENT ON LOCAL JOB OPPORTUNITIES:

The district comprises high levels of poverty and low levels of employment, however there are opportunities in the rural economy such as tourism and agriculture. These two (2) sectors should lead the economy recovery plans of the region and supported by logistics and manufacturing

#### TOURISM

The Sedibeng District Municipality has embarked upon a major drive to promote and develop the Tourism Industry in the region as a direct result of the decline in economic activity in the Steel and related sectors of the region. Special emphasis is on the development of township tourism.

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The Sedibeng region, with its diverse tourism offerings, embedded in rich cultural and natural heritage products, has the potential to grow into a major tourism destination. Sedibeng district has been classified as an area with above average tourism potential.

A Tourism Development Strategy for the area was developed and adopted in 2003 and principles, programmes and projects were encapsulated in the Sedibeng Growth and Development Strategy (2004) and the Sedibeng 2010 strategy (2007).

The Tourism Strategies have the following goals:

- Develop a common understanding of the tourism industry, defining the roles and responsibilities of government in particular and the broader stakeholder groups, in growing the Tourism Industry in Sedibeng;
- Develop and formulate strategies to be implemented by each stakeholder group in relation to their respective roles taking the strengths and weaknesses of the Sedibeng Tourism Sector into consideration;
- Build the capacity of the three major stakeholder groupings (Government, Private Sector and Community) to grow tourism and subsequently create economic and job opportunities.

In order to realize these objectives, the following deliverables have been identified:

- Tourism Institutional Arrangements
- Tourism Demand: Destination Marketing
- Tourism Supply: Product and Skills Development
- Promote the Development of Tourism Infrastructure

## Tourism Institutional Arrangements

- Support Regional Tourism Organisation (Vaal River City Tourism Promotion Company (SOC))

The Sedibeng District Municipality has coordinated the establishment of a Regional Tourism Organisation, with Public, Private and Community Stakeholders, to create an enabling and facilitating environment for the Tourism Industry in the Sedibeng Region as informed by the National Growth Path, the Constitution of the Republic of South Africa and the National and Provincial Tourism Development Strategies.

A state owned company (Vaal River City Promotion Company (SOC)) was registered in August 2013. The objective of the Vaal River City Tourism Promotion Company (SOC) is to promote and develop the Sedibeng Region as the destination of choice for domestic and international tourists, through various coordinated marketing initiatives, such as promoting Vaal River City as a brand and encourage the hosting of unique integrated events.

The Board consists of five Board Members, chaired by Advocate G Malindi.

- Provided technical support to the Municipal Manager
- Tourism demand through targeted tourism marketing initiatives
- Marketing and Exhibitions

The Tourism Department is involved with many exhibitions and events on an annual basis. This platform is an excellent marketing tool to raise the tourism profile of the region. A Generic Tourism Brochure, profiling the tourism offering in the

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region, is distributed. A Sedibeng tourism website has been developed, which includes accommodation establishments, tourism attractions, packages and events.

Listed graded establishments are linked to their respective websites. Sedibeng District Municipality submits information to the National Department of Tourism, Gauteng Tourism Authority, N3 Gateway and Vaal Meander to be included on their respective websites and digital platforms. The Sedibeng District Municipality and tourism stakeholders participated in numerous exhibitions, such as the International Tourism Indaba, World Travel Market 2018. Hundred and eighty three (183) Events and Packages in the region were submitted to the N3 Gateway Association, Gauteng Tourism Authority, Vaal Meander, the Sedibeng, External Communications Department and Emfuleni, Midvaal and Lesedi Tourism Departments for inclusion in marketing initiatives.

## Accommodation and Tourism Product Audit:

The Tourism Department has conducted an audit on the graded and non-graded accommodation facilities in the region. This is an on-going process. A total of 19 databases have been developed and maintained regularly.

- There are 94 graded establishments in the region and 132 non-graded establishments. Approximately 4426 beds (2700 Graded and 1726 Non Graded), ranging from luxury to budget accommodation, are on offer to tourists.
- There are 75 Conference and Function venues with capacity for 20 to 4000 pax.

## Tourism Product Development:

The Sedibeng District Municipality has participated or submitted inputs for the development of National and Provincial policies, strategies, studies and plans. These include the Gauteng Suikerbosrand Repositioning Strategy, Gauteng Township Tourism Programmes, and Tourism Signage for Gauteng Township Destinations.

- Tourism Training, Capacity Building and Skills Development.

Sedibeng, in partnership with the National Department of Tourism, Gauteng Enterprise Propeller, Gauteng Tourism Authority and tertiary institutions, conducts skills development and tourism awareness workshops on a regular basis for emerging and established tourism establishments. The Sedibeng Tourism Department, with relevant stakeholders, facilitated and participated in the following workshops:

- ✓ Gauteng Positioning and Working Group Workshop
- ✓ Economic Township Tourism Stakeholder Engagement Session
- ✓ Gauteng Global City Region Seminar
- ✓ BBBEE Awareness Workshop
- ✓ Township Tourism Coordination Workshop
- ✓ Women in Tourism Workshop
- ✓ Gauteng Tourism Safety Monitors
- ✓ GDED Awareness Workshops
- ✓ Sedibeng Cookout Event
- ✓ My Run Programme

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Information on training, capacity building and skills development opportunities by tourism departments and organisations, such as the National Department of Tourism, Gauteng Department of Economic Development, Gauteng Tourism Authority, FEDHASA, N3 Gateway, SAHRA, etc. are sent to all stakeholders to participate.

The Sedibeng District Municipality facilitated the implementation of a National Training Programme, namely The Tourism Youth Hospitality Programme. 47 learners graduated in the programme and 8 got permanent employment.

- Promote the Development and Maintenance of Tourism Infrastructure
- ✓ Facilitated a Township Tourism site audit with the Gauteng Department of Economic Development for the development of Township Tourism.
- ✓ Facilitated the application for the approval and installation of Tourism Directional signage of 3 tourism products in Sharpeville.
- ✓ Submitted information to the Gauteng Department of Economic Development for the inception report on tourism signage for Gauteng Township destinations.
- ✓ An audit on Tourism Infrastructure in the region was conducted and submitted to the Emfuleni Tourism Routes Working Committee, Midvaal and Lesedi Local Municipalities, Gauteng Department of Economic Development, Gauteng Tourism Authority and the Sedibeng Heritage Department for the consideration in the planning of tourism routes and the maintenance of infrastructure.

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.11.8



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Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	4 588	17 580	2 580	1 832	-860%
Expenditure:					
Employees	23 158	25 310	23 282	22 432	-13%
Repairs and Maintenance					#DIV/0!
Other	4 943	18 544	2 968	2 421	-666%
<b>Total Operational Expenditure</b>	28 101	43 854	26 250	24 853	-76%
<b>Net Operational Expenditure</b>	23 513	26 274	23 670	23 022	-14%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.11.9

Capital Expenditure Year 0: Economic Development Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.11.10

## COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The district municipality is a granted dependent municipality and therefore currently does not have capital budget to implement projects nor execute plans. These subsequently limits the ability to coordinate and facilitate local economic development in the region.

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

This is a community based cluster which seeks to release human potential from low to high skills and build social capital through united, non-racial, integrated and safer communities. This is done by providing support services to various areas such as disaster management services, community safety, health care services, social development, youth development, sports, recreation, arts, culture and heritage in the region. Key priority areas of this cluster include the following:

- Promoting and building safer communities
- Promoting disaster resilient communities
- Promoting efficient delivery of primary health care, social development and gender and women programs

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- Promoting sports, recreation, arts and culture
- Preserve heritage and museums, including promotion of historical commemorative days
- Facilitate geographical name change process

The following delivery areas outline indicative measures put in place during the year to improve performance and service delivery for the communities of Sedibeng.

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## 3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Part A schedule 4 and 5 of the Constitution of South Africa, 108 of 1996 lists the following as provincial competencies: Archives, other than National Archives, Libraries, other than National Libraries, Museums, other than National Museums, Provincial Cultural matters, Provincial Recreation amenities and Provincial Sports. The Gauteng Department of Sports, Arts, Culture and Recreation operate within the Constitutional Mandate.

Part B of the same schedule lists competencies in which the Provincial Department has a role to support and monitor local government i.e. amusement facilities, local amenities, sports facilities, municipal parks and recreational facilities.

It should however; be noted some of the afore-mentioned facilities falls within the competencies of the Local Municipalities (Emfuleni, Lesedi and Midvaal), and therefore; that Sedibeng District Municipality is expected to coordinate intergovernmental relations, including external stakeholders in pursuit of attaining efficient service delivery for the communities.

The issue of powers and functions is currently being discussed by the regional and provincial political leadership with the aim of relocating certain key functions to the district municipalities in Gauteng for financial sustainability of the category of the local government system. As a result; some of the afore-mentioned components may be affected by the ultimate outcome of this engagement.

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## 3.13 CEMETORIES AND CREMATORIUMS

This function is performed by Local Municipalities

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## 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

### CHILD CARE

Schedule 4 B of section 155 (6) (a) and (7) of the Constitution of SA provides Child care facilities as a local municipality function in terms of Powers and Functions of municipalities as per. However, child care and Aged care facilities for the District refers only to the surveillance of such premises in order to ensure a safe and healthy environment which comply with the minimum health requirements. The surveillance of premises programme is managed by the District as one of the nine programmes under Municipal Health Services.

Eight hundred (800) child care remises are monitored in terms of the National Norms and Standards on Environmental Health as promulgated by the Minister of Health. The service is rendered to the beneficiaries through a service level agreement with

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the local municipalities who perform the function on behalf of the District. The registration of these facilities is done by the Department of Social Development. The Sedibeng District Municipality assists the Department of Social Development and Department of Health with the issuing of health certificates on request and also play a role in the adjudication and implementation of the feeding scheme for learners at Early Childhood Development Centres A total of seventy two (72) Early Childhood Development facilities were covered and recommended to participate in the feeding scheme as managed by provincial health department).

The surveillances of premises are done on a routine basis by Environmental health Officers based at the local municipalities. No capital budget provided for the program as the surveillance of these premises is funded through the operational budget for Municipal Health Services. The ongoing under provision of budget for Municipal Health Services, compounded by lack of human resources, including administrative support and data capturers is already having a negative impact on service delivery relating to this programme. The national ratio for Environmental Health Practitioner is 1:10, 000 of the population. The situation in Sedibeng is 1:36,000 and further exacerbated by inadequate transport/vehicles, inadequate tools of trade and IT equipment for Environmental Health Practitioner. There is also no funding for capital items such as sampling equipment and costs to cover analysis of samples at the laboratories.

Although the equitable share funding model was relevant in the past, there is an urgent need for it to be reviewed, owing to population increase and other community dynamics. The District has been on the back foot for the last few years and things don't look promising especially now that the country is in the midst of Covid 19 pandemic, which is providing added responsibilities to Environmental Health Officers. Communities living in poverty are the main beneficiaries as the largest number of Early Childhood Development Centres reside within informal areas.

Top delivery priorities:

- Routine inspections at all premises to monitor compliance (Surveillance of premises)
- Issuing of certificates to all premises which meet the minimum standards
- Provision of Education / training to all facilities on health and hygiene

The national norms and standards for environmental health prescribe the inspection schedule as well as the minimum requirements. The keeping/updating of records and the recording of inspections on site is but one of the tools to ensure continuous improvement and to measure compliance. All inspection reports and related data are kept on file for each facility by the local municipalities and data reported to District as per the monthly and quarterly reports). All requests for registration or compliance reports are dealt with administratively without delay.

## SERVICE STATISTICS FOR CHILD CARE AND THE AGED CARE

For the year under review, there are eight hundred and sixty (860) Early Childhood Development Centres (formal and informal) within the district, distributed as follows:

### Early Childhood Development Centres

- Emfuleni

Region 1 Sebokeng	= 367
Region 2 Vereeniging	= 145

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Region 3 Vanderbijlpark	= 164
• <u>Midvaal and Lesedi:</u>	= 144
Total	= 860

## Aged Care Centres

- Fifteen (15) informal and formal homes for the Elderly across the region

All the facilities were inspected for compliance with the national norms and standards during the year under review. The audit report on Municipal Health Services by the National Department of Health confirmed the data as correct.

## THE PERFORMANCE OF CHILD CARE AND THE AGED CARE

Despite the resource constraint, the Sedibeng District Municipality delivered a full basket of services inclusive of but not limited to:

- Water quality monitoring
- Food control
- Waste Management
- Health surveillance of premises
- Surveillance and prevention of communicable diseases excluding immunization.
- Vector Control
- Environmental pollution control
- Chemical safety and hazardous substances control

These services were provided to all Early Childhood Development Centres and facilities for the Aged, both formal and informal. Facilities which comply with minimum health requirements are funded by the Provincial department of health for the feeding scheme. The Sedibeng District Municipality through the Environmental Health Officers plays a secondary role in the final registration and adjudication of funding to seventy two (72) facilities. The Sedibeng District Municipality was also able to meet the national environmental health norms in terms of inspection intervals to these premises. The district was able to perform the required inspection intervals as prescribed in the National Norms and standards .A total number of 2460 activities and inspections were conducted at ECD premises during this period. The five year target can only be attained if addition funding is provided in the next financial year to address and to provide basic tools of trade and transport for staff.

## SOCIAL PROGRAMMES

The main service delivery priorities of the Directorate are to promote social development of our communities, support and facilitate implementation of youth development through National Youth Development Agency (NYDA) partnership that the municipality entered in 2018, including women and gender programmes. The services relating to children, social programmes and old aged are the primary functions of the Provincial Department of Social Development. Sedibeng District Municipality mainly coordinate and give support to the local municipalities in collaboration with the Province to give effect for the

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implementation of programmes. Various programmes have been implemented in conjunction with the locals focused on the designated groups i.e. youth, children, women and gender and people with disability.

Issues relating to children care services are a core functionality of the Province in accordance to the Child Care Act. However; the Sedibeng District Municipality continues to provide relevant support on the 24 August 2019 100 children from the indigent households were hosted by Sedibeng District Municipality speakers in collaboration with Health and Social Development and SASSA, food parcels were distributed and lunch and play was offered to all the children, these was a program that was a part of women's month celebration. You feed a child, you develop a nation. Sedibeng District Municipality supports the Early Childhood Development through collaborative effort with the Locals, Department of Social Development and Sedibeng District Health. The following key delivery areas happened:

- Facilitate Implementation of Gender and Women Programmes

To ensure that this key delivery area is supported; three (3) women and gender programmes were implemented. This includes amongst others, Gender Based Violence (GBV) one on one sessions, this was held on the 20<sup>th</sup> September 2019 at Eldorado hall in Sebokeng. The gender-based violence one-on-one session was planned and utilized as a mechanism to support government's outcomes on the protection of women, children and other vulnerable groups, amongst the others the objective of the one-on-one session training workshop was to define and describe gender-based violence in its humanitarian context and recognize the consequences of gender-based violence on women and girls' family members and their wider community. The training sessions was attended by thirty delegates from men and women forums from the region.

On the 29<sup>th</sup> November 2019, Gender and Based Violence and Family law workshop was held as an awareness on the scourge of GBV in Bophelong. The workshop was facilitated by chapter 9 institution i.e. Commission for Gender Equality and FAMSA.

The third program was on Occupational, Health and Safety workshop which was held on the 26 March 2020 at Lords Signature in Three Rivers. The workshop was sponsored and facilitated by the Department of Rural Development and Land Reforms, great partnership that support the department in the financial difficulties. The main objective of the workshop was to prevent workplace injuries, illnesses and fatalities and foster a healthy safe work environment in protecting an individuals and coworkers.



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## ▪ Support Social Development Programmes

Sedibeng People with Disability (PWD) Technical Committee has been established and is fully functional. It holds its meetings on quarterly basis for implementation and monitoring of its programme of action, the participants are the officials from the locals, Regional Department of Social Development, Sedibeng District Health, VUT and Gauteng Department of Sports Arts and Culture.

Vaal Disability Forum members which are the office bearers from all three local municipalities hold their meeting quarterly too with the support of the Sedibeng PWD technical committee. It is in these meetings are where the decisions for PWD programmes of action are planned.

PWD from the region are also very active in sports through the support of Gauteng Department of Sport Arts and Culture. They participated at PWD's Annual Sports Event held in November 2019. They also attended International Day of PWD that was held in NASREC December 2019 with the assistance and support of SDM.

The Department of Social Development is a lead department in the provision of Older Persons programs. The role of Sedibeng District Municipality is to support and coordinate all the locals.

Sedibeng has 8 residential facilities for older persons, per sub district are as follows:

- Emfuleni Local Municipality has five residential facility funded by DSD
- Lesedi local Municipality has two residential facilities, one funded and the other one is unfunded
- Midvaal local Municipality has one funded residential facility.
- Flu vaccine was administered to all Older Persons by the Sedibeng District Health during March 2020.
- The residential facilities were visited by family physicians from Sedibeng District Health.

All the facilities were sanitized by the Scientology ministry and each was provided with 10 liters of sanitizer.

## ▪ Facilitate Youth Development Programmes

Youth development is regarded as a critical area that will ensure that youth readiness for self-sustenance and growth is achieved. This is facilitated through various developmental programmes that are implemented in partnership with National Youth Development Agency that was launched in June 2018 at Mafatsane Thusong Centre.

Gauteng Legislature held the National Council of Provinces at the National Youth Development Agency full Service branch at Mafatsane in Evaton, and this was chosen as apposite achievement of youth development in the region. The progress and achievement that the branch has achieved since its inception amongst the others: training programmes on 100 youth trained on business management of which half of them are the grant beneficiaries and BBBEEE, job preparedness, several youths received business starter packs not in monetary funds.

To date through these collaborative support, 100 youth were placed for the learnership programme with the National Youth Services (NYS) for a period of 24 months which began in April 2017. The contract was extended from April 2019 to March 2020 and Sedibeng has now 54 leaners received a great skill and experienced in public administration and supply chain management to mention the few, one of the leaners exit to a permanent job at ANOVA Health through the support and assistance of SDM. These reports are in line with the "releasing human potential strategy" of the SDM which seeks to promote efficient delivery of health services and promote social development of our communities, and thus contributing to the growth and development of the region.

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Key Strategic Objective: "Promote disaster resilient communities"									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 01		Year 0			Year 02	Year 03	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective: To conduct community awareness campaigns</b>									
District Health Council meetings held	Facilitate District Health activities	04	04	04	04	04	03	03	03
Gender and women programmes supported	Facilitate implementation of gender and women programmes	03	06	04	03	03	03	02	03

Employees: Disaster Management Services					
	Year 01	Year 02			
	Employees	Posts	Employees	Vacancies (Fulltime equivalents)	Vacancies (as a % of total posts)
	No	No	No	No	%
0 – 03	01	01	01	0	0%
04 – 06	02	04	02	02	0%
07 – 09	12	15	12	05	0%
<b>Total</b>	<b>15</b>	<b>20</b>	<b>15</b>	<b>0</b>	<b>0%</b>
NB: Seven (07) employees (Levels: 07 – 09) seconded to the National Youth Development Agency					73.23.3

## THE PERFORMANCE OF CHILD CARE, AGED CARE, SOCIAL PROGRAMMES OVERALL

The overall performance of Social Services for this period has been successful. The department units have respectively achieved most of its objectives as stipulated in the service delivery and budget implementation plan (SDBIP) for 2019/20 financial year.

The expected outcome of coordination and support to promote social development of our communities has been achieved through collaboration with various stakeholders from our communities including the local municipalities and the provincial departments relevant for empowerment of our communities.

Number of programmes such as forum meetings, awareness programmes and stakeholder technical engagements were implemented during this period. Issues relating to children care services are a core functionality of the Province in accordance to the Child Care Act. The District continues to provide relevant support in conjunction with the locals including the Early Childhood Development Steering Committee.



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## COMPONENT E: ENVIRONMENTAL PROTECTION

Environmental protection within the District is covered by a number of Clusters. The district has a specific role to play in terms of air quality management in terms of licensing of listed activities and is performed by the air quality officer of the District. Pollution control is a program within Municipal Health Services and which is rendered by the District Municipality.

The poor air quality in Sedibeng District Municipality can be attributed to a number of sources; industrial sources, domestic fuel burning, windblown dust, and biomass burning.

Air Quality Management objectives are to:

- (i) Manage the Section 21 industries through Atmospheric Emission Licensing,
- (ii) Ensure the availability of air quality data through Ambient Air Quality Monitoring and National Atmospheric Emission Inventory System (NAEIS); and
- (iii) Provide awareness and education on the impacts of air pollution on health to the communities through Awareness Programmes, Implementation Task Teams, and multi-stakeholders engagement.

In order to tackle the Air Quality Management problems in the district, two coordinators were appointed in October 2009 under Ambient Air Quality Monitoring and Atmospheric Emission Licensing. This brings the total number of employees under Air Quality Management to three.

### 3.15 POLLUTION CONTROL

The Pollution control programme is managed by Sedibeng District Municipality as one of the nine programs under Municipal Health Services. The service is rendered through a service level agreement with the local municipalities who perform the function on behalf of the District. Pollution control activities do not differentiate between communities and the service is rendered equally throughout the District. Priority is given to all related complaints and referred to relevant departments (where applicable) for attention and action. Most of the complaints relating to solid waste removal and sanitation were referred to the responsible service departments only in instances where Environmental Health Practitioners could not resolve the matter and needed assistance.

Table: Complaints

Data element	Emfuleni	Midvaal	Lesedi	Total District
Air pollution	23	6	8	37
Environmental Pollution	5	0	5	10
Unhygienic conditions	56	12	24	92
Food related	6	9	11	26
Insects/ Pests	8	3	2	13
Noise	44	7	5	56
Sanitation	20	5	12	37
Dust	0	2	0	2
Illegal burning	2	3	2	7
Offensive odour	2	12	4	18
Keeping of animals	20	02	12	34
<b>TOTAL</b>	<b>186</b>	<b>61</b>	<b>85</b>	<b>332</b>



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All communities living in poverty has access to the Municipal Health Services. The top priorities within the program are:

- Water pollution control
- Air pollution control
- Noise control

Municipal Health Services deals with water quality monitoring of which the main objective is to ensure that the water which is provided to communities is safe and sound for consumption. Samples are normally taken at the end user of which the result indicate compliance or non -compliance to SANS standards. The water provided to communities by the municipalities was found to be safe and sound for human consumption.

Table: Water Sampling

Data element	Emfuleni	Midvaal	Lesedi	Total District
Drinking Water	132	108	264	504 (*6)
Bore hole	0	24	12	36 (*22)
Storage tanks	0	28	0	28 (*6)
Municipal Reservoir	0	0	8	8
TOTAL				576

*\*Samples not in compliance*

Of great concern is the pollution of the Vaal River and Rietspruit with raw sewerage from the municipal pump stations or water care works. All complaints are handled in line with the complaints protocol and referred to the relevant authorities where and when applicable. Major efficiencies can be summarised as follows:

- Sedibeng District Municipality has a water sampling program in place which monitor the provision of drinking water to communities. No water borne diseases were reported to the Sedibeng District Municipality during the year under review.
- All aspects around indoor air pollution are covered on a routine basis. All complaints are addressed and referred where necessary. No data is kept specifically for indoor pollution per se. The activity is part of the protocol on the surveillance of premises)
- Noise control complaints are handled and resolved or referred where applicable. A total of 56 noise related complaints were received and managed by Environmental Health Practitioners. Most of the cases refer to the playing of loud music, festivals, parties, industrial equipment, barking dogs or the keeping of roosters. All of the complaints were duly handled and resolved
- Communities living in poverty has access to the service, directly and indirectly. MHS are rendered to all communities and are rendered at community level where people live. All complaints and request for services are prioritised. Municipal Health Service is a preventative health service which have a direct impact on the health and well-being of citizens where they live, work or recreate.

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Financial Performance Year 0: Pollution Control						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>					#DIV/0!	
Expenditure:						
Employees	1 242	1 313	2 162	2 211	41%	
Repairs and Maintenance					#DIV/0!	
Other	32	42	42	39	-8%	
<b>Total Operational Expenditure</b>	1 274	1 356	2 204	2 250	40%	
<b>Net Operational Expenditure</b>	1 274	1 356	2 204	2 250	40%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.15.5	

## THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

Although the staff and resources are stretched to the limit, Environmental Health Officers at local municipalities, on behalf of the Sedibeng District Municipality continue to provide pollution control activities through routine inspections. If some meaningful strides the quality of services are to be realized, engagements and consultations should begin to review of the equitable share model to district municipalities, to enable the provision of expanded work that needs to be covered by staff.

Most of the pollution within communities relates to dumping of household waste and issues relating to sanitation which are attended to by the relevant services department.

The several successes have been recorded in the management of air quality in the district. The municipality has appointed two coordinators. The draft VTAPA AQMP has been published for comments, bringing the process closer to completion. In line with Section 105A of the Criminal Act of 1977, the municipality and DEFF instituted a case against Arcellor Mittal SA (Vanderbijlpark Works) and won the case.

After being non-operational due to a lightning incident that occurred in May 2018, the Meyerton Station has finally being brought back to operation, although not yet reporting valid data to SAAQIS. Preplanned stakeholder engagements, awareness campaigns and other engagement have been cancelled due to Covid 19 regulations.

### 3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

Sedibeng District Municipality has various critical biodiversity areas and protected areas which play critical role in biodiversity conservation. The biodiversity areas include Suikerbosrand Nature Reserve (situated in the north eastern edge of Midvaal Local Municipality and north western portion of Lesedi Local Municipality) , Alice Glockner Nature Reserve (Located in the south of Heidelberg in Lesedi Local Municipality, The Kliprivier, Vaal Dam and Vaal river). The Sedibeng District Municipality falls within priority areas identified in the National Spatial Biodiversity Assessment (NSBA, Driver et al. 2004), and is home to a disproportionately high percentage of rare and threatened species and threatened ecosystems.

It is therefore critical that Sedibeng District Municipality develops a Bioregional Plan for the conservation of biodiversity in the region. Bioregional Plan is one of a range of tools provided for in the Biodiversity Act that can be used to facilitate biodiversity conservation in priority areas and outside the protected area network. The purpose of a bioregional plan is to inform land-use planning, environmental assessment and authorizations, and natural resource management.

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The three priority service delivery projects are as follows:

- Wetlands Rehabilitation,
- Clear River campaign and
- Maintenance of open space area through grass cutting.

The progress made thus far linked to service delivery priorities include the following:

- Conducting education and awareness on the value played by wetland, Wetlands rehabilitation through re-vegetation and tree planting,
- Clear River clean-up campaigns and Continuous maintenance of open spaces through grass cutting and beautification.

## COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

There were no capital projects under these focus areas due to lack of budget allocation.

## COMPONENT F: HEALTH

### 3.17 CLINICS

#### Effective Delivery of Primary Health Care Services

In accordance with the Health Act No. 61 of 2003, health care service is a competency of Provincial Department of Health. However; Local government as the closest sphere of government to communities is also expected to coordinate and support this function

As a result; Council has established an intergovernmental relations structure in the form of a District Health Council for support purposes. This structure was appointed by the Member of Executive Council (MEC) for Health, meets quarterly and is chaired by the Sedibeng MMC for Health and Social Development. It is at this forum whereby various stakeholders from health sector provide regular reports that give synoptic overview of health care services in the region.

For the Financial year 2019/20 the District Health Council was held four times meaning one per quarter: On the 5<sup>th</sup> July 2019 DHC was held and seven reports were tabled and discussed and all the infrastructure challenges that were outlined the chairperson escalated them to Member of Executive Council for Health through the Provincial Health Meeting.

On the 11 October 2020 the second District Health Council meeting was held and seven reports were tabled and deliberated upon. The third meeting was held on the 11 March 2020 and in this meeting it was critical to discuss Covid-19 and the presentation was done by Sedibeng District Health and the invitation was extended to Sedibeng councilors and ward councilors. These was a very proactive decision that the Member of Mayoral Committee (MMC) for Health and Social Development took as an awareness program.

The fourth District Health Council was an over sight visit to the three hospitals within the region that is Sebokeng, Kopanong and Heidelberg Hospitals. The purpose for the visit was to give support and check on the readiness and activation of Covid-19 sites, before these visit several meetings were held with the Chief Director Sedibeng District Health and the Chief

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Executive Officers of the very hospitals to unblock the blockages and these meetings were chaired by Sedibeng Member of Mayoral Committee for Health and Social Development. Sebokeng and Kopanong hospitals were visited on 2<sup>nd</sup> June 2019 and Heidelberg visit took place on the 9<sup>th</sup> June 2020.



From April 2020 the daily Coordination of Health screening and testing for Covid-19 within the region was done and all the daily reports formed part of the situational report that was compiled daily and send to Gauteng Disaster Management Council, Local Government Work stream, District Command Centre and Council.

## Primary Health Care Facility (PHCFC)

Clinic Committees are statutory bodies appointed by the Member of Executive Council for Health, according to Section 42 of the National Health Act, No. 61 of 2003. Their main objectives include promoting effective and efficient governance through public participation, to assist the clinics in addressing the health needs of the communities served, to ensure accountability and effective management of facilities and to ensure that the Primary Health Care Facility, known as a clinic is responsive to community needs.

Sedibeng has since played a vital role in ensuring that efficient delivery of Primary Health Care Facility Committees services is achieved through public participation which is governance structure in the form of Primary Health Care Facility Committees. Primary Health Care Facility Committees are established in all 38 PHC facilities within the region, and most of the committee members have received their appointment letters signed by the Gauteng Member of Executive Council for Health, for the term of office from April 2019 to March 2022.

Following the induction training that was held within the region in the last financial year 2018/19, The National department of Health (NDoH) in partnership with the Gauteng Department of Health, to be specific the office of the Member of Executive Council for Health and the Municipalities, participated in organizing a training workshop for two hundred (200) Gauteng Primary Health Care Facilities, which led to forty (40) Primary Health Care Facility Committees per each region, and the

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training workshop was held on the 16<sup>th</sup> to 20<sup>th</sup> September 2019 at Benoni, Hotel and Conference Centre, the workshop was facilitated by Gauteng City Region Academy.

The objectives of the workshop were to capacitate the Primary Health Care Facility Committees on: Health governance; Information, skill and values relevant to the roles and functions of Primary Health Care Facilities, Health and related concept; National Health Systems, conflict management, communication and report writing skills.

Sedibeng has 38 Primary Health Care facilities (clinics), and the Primary Health Care Facility Committees who attended the workshop were from 30 health facilities, the representation was one /two from each facility. The selection criteria of the attendees were done by the facility managers and the facilities which were not represented are as follows: Albertina Sisulu, Boipatong, Beverly Hills, Levai Mbatha, Osizweni, Retswelapele, Empilisweni and Meyerton, the reason for not attending the workshop was all personal. Follow up training will be planned by Provincial office to accommodate all the committee members who could not attend due to a limited space.

The training workshop was graced by Sedibeng District Municipality; MMC for Health and Social Development, who took time on the last day and addressed all the Gauteng Clinic Committees, giving them the word of encouragement to soldier on, to assist the government in implementing effective and efficient Primary Health Care to all communities in Gauteng.

The table below indicates the number of Primary Health Care Facility Committees who attended the training per sub district within the region:

Sub District	No of Clinics
Emfuleni	28
Midvaal	04
Lesedi	08
Total Sedibeng	40

Key Strategic Objective: "Promote the efficient delivery of Primary Health Care"									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 01		Year 0			Year 02	Year 03	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective: To ensure effective service delivery</b>									
District Health Council meetings held	Facilitate District Health activities	04	04	04	04	04	03	03	03
Gender and women programmes supported	Facilitate implementation of gender and women programmes	03	06	04	03	03	03	02	03

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## 3.18 AMBULANCE

It is noted that Ambulance services are a provincial competence; therefore this service was migrated to province some year ago.

## 3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Municipal Health Services (MHS) is a Metropolitan and District municipality function. The Municipal Structures Act determine that the above mentioned municipalities can render the service by itself to communities (if it has the capacity to do so) or can appoint a service provider to render the service on its behalf. The Sedibeng District Municipality opted for the latter option and resolved in 2004 to appoint the local municipalities to render the service as agents for the Sedibeng District Municipality. This arrangement is formalized through a service level agreement and is renewed on annual basis by the parties to this agreement. The service is coordinated at District level whilst implementation (operational activities) take place at local municipality level. The local municipalities effectively act as agents for the Sedibeng District Municipality and are contracted to render those specific services defined as Municipal Health Services within the Health Act, (Act 61 of 2003) as amended.

- Water quality monitoring
- Food control
- Waste Management
- Health surveillance of premises
- Surveillance and prevention of communicable diseases excluding immunization.
- Vector Control
- Environmental pollution control (Noise, air, water and land)
- Disposal of the dead
- Chemical safety and hazardous substances control

The National norms and standards for premises and monitoring standards, as approved by the Minister of Health, forms the basis of the agreement between the District and its local municipalities and serve as a guideline on how services are to be rendered and at what frequency.

The top 3 service delivery priorities are:

- water quality monitoring
- Health surveillance of premises
- Disposal of the dead
- Water quality monitoring

This comprises of the monitoring and surveillance of water quality and availability thereof that is intended for human consumption, recreational, commercial and industrial use. Continuous monitoring of drinking water throughout the District is a preventative measure and serves as an early warning system in the control, management and provision of water to communities which is safe and sound for human consumption.

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- The Health surveillance of premise

This programme concerns the identification, monitoring and evaluation of health risks, nuisances, hazards and the instituting remedial and preventive measures at all premises. Food premises are prioritized due to the impact that non-compliance can have on the health of people. Compliance of Butcheries and spaza shops in terms of hygiene and structure in the township areas is a challenge. Persons in control of premises are informed of non-compliance issues and requested to rectify the problem areas. Statutory notices or prohibition orders are issued as a last resort where there is continuous non-compliance that needs to be addressed.

Table: Inspection at food premises

Data element	Emfuleni	Midvaal	Lesedi	Total District
Food premises inspected (Number of inspections )	3288	1512	1840	6640

Notices issued for non-compliance
146

In an effort to improve the general hygiene standards and assist owners in getting their premises to comply with the minimum environmental health standards, Environmental Health Practitioners targeted Early Childhood Development facilities for inspections.

The district was able to perform the required inspection intervals as prescribed in the National Norms and standards. A total number of 2460 activities and inspections were conducted at Early Childhood Development premises during this period. The involvement of Environmental Health Practitioners in the partnership between Social Services and Hollard yielded good results as a large number of facilities were assisted. The assistance includes the upgrading of their premises and the installation of window to ensure adequate ventilation in the structures.

Seventy (72) Early Childhood Development premises were also recommended to and approved for participation in the feeding scheme as administered by provincial department of health. The approach from Environmental Health Practitioners around Early Childhood Development facilities is developmental in nature and aims to assist owners to meet minimum environmental health requirements to enable easy registration with Social Services for possible grant funding by the very department.

- Disposal of the dead

This refers to compliance monitoring of funeral undertakers, mortuaries, embalmers, crematoria, graves and cemeteries; including the management, control and monitoring of the exhumations and reburial or disposal of human remains.



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The industry is closely monitored for compliance and assisted where needed to meet the minimum requirements. Eighteen (18) Certificates of Compliance were issued during the period under review. Environmental Health Practitioners attend and monitor the general hygiene conditions during exhumations; and a total of fifteen (15) exhumations were monitored.

Table: No of funeral undertakers' premises

Type of premises	Number of premises
Funeral undertakers	52
Mortuaries	11
Crematoria (Non-operational)	1

Table: Surveillance of premises (inspections)

Data Element	Emfuleni	Midvaal	Lesedi	Total District
Funeral undertakers	146	41	83	270
Mortuaries	1	0	1	2

## Chemical Safety

Chemical safety includes the monitoring, identification, evaluation and prevention of the risks of chemicals that are harmful to human health. This includes the following but is not limited to:

- Complaint investigation.
- Monitoring safe disposal of chemical waste.
- Law enforcement by serving compliance notices where necessary
- Compliance monitoring in terms of legislative requirements and provisions and instituting remedial and preventative measures including the removal of chemical spillages.
- Health promotion and training.

Although the provincial Department of Health is responsible for management and control of hazardous substances, Environmental Health Practitioners routinely conduct inspections at all hardware stores, supermarket chain stores, paint dealers, spray painters and other related industrial activities to monitor the safe storage and handling of chemical products. The Monitoring of Chemical safety is part and parcel of the inspection protocol and is applied during all inspections on premises. Data is not specifically kept for these premises as chemicals are available on all premises.

## THE PERFORMANCE OF HEALTH INSPECTIONS

It must be stressed once again that the resource constraints and inadequate funding the district to render the service is affecting services negatively. The current Covid-19 pandemic has demonstrated insufficient and/or lack of Environmental Health Practitioners in times of a disaster. However, Environmental Health Practitioners still managed to render an acceptable standard of service despite all the challenges. Fact is that Municipal Health Services are rendered equitably to all communities throughout the district, and in line with the National Norms and Standards. The good working relationship with the Local Municipalities and the fact that the municipalities are still willing to render the service on behalf of the district, despite the resource constraints has yielded a fairly good result for the District and its communities.



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The 4<sup>th</sup> Quarter of the financial year under review saw a total change in direction in the way services have been rendered as Environmental Health Practitioners were called on to take the lead in many fields and answer the call by National Department of Health to walk the extra mile as essential services in the management of the covid-19 pandemic in the district.

The Sedibeng District Municipality was audited by The National Department of Health on the rendering of Municipal Health Services. The final audit report indicated that the District performed above normal and was awarded for this achievement with the Alfred NZO Excellence Award as second runner up nationally at the World Environmental Health Day celebrations in Kimberley.



## COMPONENT G: SECURITY AND SAFETY (COMMUNITY SAFETY)

### 3.19 POLICE

This service is a National competence; however the district plays a coordination and facilitation role to enhance and enable smooth Police operations.

#### COMMUNITY SAFETY

##### A. Implementation of the Community Safety Strategy 2018 - 2022

In terms of Section 152 (1) (d) of the Constitution of the Republic of South Africa Act, 108 of 1996, municipalities are required to provide safe and healthy environments for the residents. As a result; an intergovernmental relations structure, namely; Sedibeng Community Safety Forum was established to ensure proper coordination for the implementation of this key object. It is common knowledge that community safety should be every person's concern. Various organizations, community groups

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and the residents are expected to contribute to the creation of a safe and cohesive living environments. As a result; Sedibeng District Municipality through its Community Safety IGR Forum has been actively involved in fostering joint crime and violence prevention across the region. These safety programmes include schools' safety, community police relations, community corrections, gender based violence, social crime prevention, stakeholder relations and road safety programmes.

This implementation process is conducted within the parameters of the Sedibeng Community Safety Strategy, which is aimed at responding to the following key performance areas:

- Promote institutional arrangements which will produce effective and sound crime prevention networks,
- Encourage active community participation and guardianship to challenge unacceptable behaviour and maximize reporting of incidents,
- Improve crime prevention through increased levels of social responsibility and tolerance through education, awareness, intervention and information sharing,
- Promote road safety awareness and education through active stakeholders' participation, and
- Monitor and evaluate the impact of adopted interventions towards elimination and reduction of crime within our communities.

NB: It should further be noted that Sedibeng District Municipality does not have a competency for Traffic Police Services, Fire and Rescue Services, and Emergency Medical Services. These competencies are located at the Local Municipality and Provincial levels, respectively. The following achievements have been recorded during the financial year: 2019-20.

## B. Promoting institutional arrangement

Promotion of stakeholder's relations forms an integral part of the Community Safety Strategy. Community Safety Forum is therefore; regarded as a key programme in pursuance of promoting and enhancing intergovernmental relations within the region. As a result; monthly Community Safety Forum meetings were held throughout the year, whereby planning for and implementation of crime prevention programmes were discussed.

Various joint community safety programmes were implemented as part of monitoring and enforcement of Covid-19 lockdown regulations. Joint Operations Committee Meetings (JOCOM) were held for planning of operations that would ensure enforcement and compliance to the lockdown regulations at identified hotspot areas.

This include amongst others a Joint Covid-19 O Kae Molao Operations conducted in Vereeniging, where various shops were inspected for selling and disposal of expired foodstuff and drinks. The operation was attended by Gauteng Member of Executive Council, supported by Members of Mayoral Committees for Public Safety Sedibeng District Municipality and Emfuleni Local Municipality.

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## C. Improve social crime prevention measures

This approach to crime prevention recognizes the complex social, economic and cultural processes which contribute to crime and victimization. It focuses on reducing the risk factors by strengthening the range of personal, social, health and economic factors which protect families, children and young people from becoming involved in crime and victimization. As a result; various safety programmes were implemented as part of this intervention measure:

- Reclaiming Our Streets & Culture Sports Against Crime

This was held at Polokong Sports Grounds, Sebokeng. This programme was aimed at reaching out to the youth and encouraging them to participate in sports and recreation activities, with the view of keeping their minds from temptations of engaging in criminal activities.

- Cleaning Campaign

This programme was conducted on the 10 September 2019, as part of the Crime Prevention through Environmental Design programme. This programme took place in Polokong, Sebokeng.

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- Violence Against Women and Children (VAWAC) Liquor Workshop

This workshop was held at Bon (Riviera) Hotel in Vereeniging. Its main purpose was to engage the various liquor outlets owners on various risks associated with their businesses, and further educate them on possible mitigating factors thereof.

- Learners Anti-Gangsters Dialogue

This dialogue was held with the aim of exposing learners to the dangers of being involved in gangsters' activities and crime in general. Ex-offenders were invited to engage with these learners and share their experiences with regard to their involvement in criminal activities. The dialogue was held at Randwater, Vereeniging.

- Gender Based Violence Dialogue

This was held in at the Vaal University of Technology. Key focus areas of this dialogue was alcohol and drug abuse, gender based violence, girl-child abuse, LGBTI community, human trafficking, HIV/AIDS related social illnesses, etc.



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- Men as Safety Promoters (MASP) Workshop

This was held at the Quest Conference Centre, Vanderbijlpark as part of the programme that seeks to invite and encourage men to be the ambassadors of gender based violence within their communities.

- D. Encourage active community participation

One of the objects of Local Government is to promote and encourage community involvement in government programmes. As a result; Sedibeng region's communities form an integral part towards implementation of community safety programmes within the spaces they are occupying. The collaboration between communities and government is of paramount importance, especially from the planning stage, as communities are better positioned to know the socio-economic and safety dynamics within their areas. As a result; the following programmes are key and involvement of communities is highly encouraged:

- Community Police Forum Programme

This is the platform for communities and the SAPS to engage and formulate intervention measures towards crime and violence prevention in the region. As a result; there has been an active support and participation by attending CPF Sector Alignment meeting which was held at Quest Conference Centre – Vanderbijlpark. There were other involvements to ensure that these structures are monitored and sustained such as participation in their meetings held at Vaal Marina Community Policing Forum Annual General Meeting, Sedibeng District Community Policing Forum Executive Meeting and Sedibeng District Community Policing Forum Broader Meeting.

- Road Safety Promotion

Through Community Safety Strategy, Sedibeng District Municipality through its IGR Forum on public safety, seeks to influence and support strategic objectives relating to road safety education. It is common knowledge that there is a general ignorance of road regulations by road users and vandalism of traffic signs. As a result; various awareness programmes are

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conducted across the region with the view of sensitizing road users of the dangers of non-compliance to road regulations. Such programmes include road safety awareness conducted at Bophelong and Sharpeville.

Furthermore; a Scholar Patroller Workshop was held at the Vaal Technorama Auditorium, Vereeniging. This workshop sought to educate delegates on the importance of scholar patrollers, as part of road safety interventions and sustenance thereof.

## **Service Delivery Budget and Implementation Plan (SDBIP) Performance Report**

Key Strategic Objective: "Promote disaster resilient communities"									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 01		Year 0			Year 02	Year 03	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective: To conduct community awareness campaigns</b>									
Implement community safety programmes	08 Community Safety Programmes	12	12	12	08	08	08	08	12

### COMMENT ON THE PERFORMANCE OF COMMUNITY SAFETY OVERALL

Generally, crime statistics as released by the SAPS shows a decline in some problematic crimes in the area. However; emphasis still needs to be directed towards by-law enforcement in the region to address issues of illegal dumping, street vendors, and other CPTED related challenges in the region.

### 3.21 FIRE

Firefighting services in terms of Schedule 04, Part B of the South African Constitution is the responsibility of local government with national and provincial oversight. The Fire Brigade Services Act (FBSA), 1987 (Act No. 99 of 1987) is the primary piece of legislation regulating fire services and provides for the establishment, maintenance, employment, co-ordination and standardization of fire brigade services. In terms of the FBSA, local authorities are allowed to establish and maintain a fire brigade service for the following purpose:

- Preventing the outbreak or spread of a fire;
- Fighting or extinguishing a fire;
- The protection of life or property against a fire or other threatening danger;
- The rescue of life or property from a fire or other danger;

In terms of Section 85 of the Municipal Structures Act No. 117 of 1998, the MEC has the power to adjust certain powers and functions between category B and C municipalities, which includes firefighting services. The MEC for Local Government in Gauteng opted to make adjustment/divisions for the function and accordingly, Sedibeng District Municipality is only responsible for Section 84 (1) (j) of the Municipal Structures Act 117 of 1998, which includes:

- planning, co-ordination and regulation of fire services;
- specialized firefighting services such as mountain, veld and chemical fire services;
- co-ordination of the standardization of infrastructure, vehicles, equipment and procedures; and

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- Training of fire officers.

During the year in question key Delivery Priorities of the district were as follows:

- Provision of specialized firefighting services. Claims received from the local municipalities regarding specialized firefighting services as per Section 84 (1) j have been received and processed.
- Emergency Services Forum sittings. The main objective of this forum is to strengthen relations amongst all the Emergency Services within the region and also assist in planning and standardization of the function.

## COMMENTS ON THE PERFORMANCE OF FIRE SERVICES OVERALL

Sedibeng District Municipality is only responsible for Section 84 (1) (j) of the Municipal Structures Act and does not render Fire brigade operational duties. In ensuring that principles of cooperative governance are promoted as well as integrated and coordinated efforts, the Emergency Services Forum met quarterly for the year under review. All the sittings were convened by the Sedibeng Emergency Management Services Directorate. The forum sat quarterly.

Moreover, with assistance of Santam through the partnership, Sedibeng managed to oversee the procurement of 40 radios on the TETRA system for the three local municipalities to enhance communication during emergencies.

## 3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

The Sedibeng Emergency Management Services, as established within the Community Services Cluster, herewith; presents the annual report for 2019-2020 financial year in compliance with Section 50 of the Disaster Management Act (Act 57 of 2002, as amended). This report provides an overview of the activities undertaken by the directorate across the region during the period under review. It further reflects on the progress made in line with the objective of promoting an integrated and coordinated system of disaster management, with special emphasis on prevention, by organs of state and other role-players involved in disaster management.

The key purpose of the function is to promote an integrated and coordinated system of disaster prevention, mitigation and risk management, thus ensuring the preparedness of our communities to prevent and respond to possible disasters incidents.

### Service Delivery Priorities

- Implement mechanisms for Disaster Risk Reduction measures,
- Ensure the state of readiness and alertness aimed at combating potential disaster situations within the region, and
- Ensure effective response and recovery efforts.

#### A. Implement mechanisms for Disaster Risk Reduction Measures

The Disaster Management directorate, facilitates and continues to accelerate disaster awareness and education campaigns within communities in the region. Such programs are aimed at educating community members on the prevalence of most of the top identified risks and also to create disaster resilient communities. Moreover, the programs are focused on addressing local disaster risk dynamics and even response to disaster incidents. Through the programs, there is also fostering of partnerships with relevant stakeholders to enhance Disaster Management education and training programmes.

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In implementation of the programmes the directorate and other relevant stakeholders strives to instil the culture of risk avoidance, improve response mechanisms and even share indigenous knowledge in dealing with incidents. Hence, the efforts are multi-disciplinary in focus and continuous in nature. Section 44 (1) (h) of the Disaster Management Act, 2002 (Act No. 57 of 2002) calls for the MDMC to “promote disaster management capacity building, training and education, including in schools, in the municipal area. Advocacy and public awareness, as defined in Enabler 2 of the Disaster Management Policy Framework, mandates us to promote the culture of risk avoidance through integrated education, training and public awareness. In efforts to combat disaster risks, the following programs were implemented for the year under review:

## 1. Disaster Risk Reduction Programme for Funded ECDs: 29 July to 2 August 2019

In efforts to combat disaster risks that are experienced in ECDs on a day to day basis, the Sedibeng Disaster Management Centre, in partnership with SANTAM, Department of Social Development and the Provincial Disaster Management Centre coordinated training of 70 ECD Practitioners from Midvaal and Lesedi in Disaster Management, Basic First Aid and Basic Fire Fighting for the quarter in question. The training ran for 5 days at Emnasdal Child Youth Care Centre in Lesedi and at Meyerton Hall in Midvaal and was offered by Red Cross through the Partnership that Sedibeng Disaster Management is having with SANTAM. The main objectives of the training were:

- To ensure that Early Childhood Development Practitioners are prepared to handle any emergency that may happen in their premises and handle them safely
- To ensure that they promote and maintain school-wide safety and minimise the effects of emergencies and other dangerous situations.



*Risk Reduction programme for ECDs: July 2019*



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## 2. 2019 International Day for Disaster Risk (IDDR) Commemoration

The annual commemoration of the International Day for Disaster Reduction (IDDR) is a celebration of how people across the globe are reducing their risk to disasters, advocating for risk reduction and raising awareness about the importance of mitigating the disasters they face. This commemoration provides a platform for encouraging individuals, communities, government and civil society to contribute and become agents of change in building disaster resilient communities, countries and regions. The IDDR 2019 was themed: *“Substantially reduce disaster damage to critical infrastructure and disruption of basic services, among them health and educational facilities, including through developing their resilience.”*

Critical Infrastructures (water & sanitation; energy supplies – fuel, electricity and gas; Hospitals; Public Transport System; Information Communication System) play an important role in the performance of any countries economy and the wellbeing of societies. Advocacy and awareness about the role of Critical Infrastructure is therefore a cornerstone in advancing the principles of DRR encapsulated in the SFDRR.

The area of Sharpeville: Soul City within Emfuleni Local Municipality is developing too close to the above mentioned servitudes and there is already encroachment on the pipelines and servitudes. Dangers of servitude encroachment by the community could be damaging to the pipeline and subsequent rupture of the pipe caused either intentionally or accidentally. Such in turn also poses threat to lives and properties whereby Emergency services and Rand Water/ESKOM may not have access to the servitude in the event of an incident occurring. Unobstructed access to servitudes would be advantageous to all stakeholders involved in servitudes, as the risk to all parties would be greatly reduced.

In lieu of the above-mentioned circumstances, The Sedibeng Disaster Management Centre hosted the regional International Day for Disaster Reduction (IDDR) commemoration in the area focusing at community members from the Soul City Informal Settlement. The event took a form of public awareness campaign, information sharing on the danger of encroaching on critical infrastructure that will lead to disruption of basic services, loss of people’s lives and even properties.

The benefits and outcomes of the 2019 IDDR commemoration included the following, as per the SFDRR:

- Substantial reduction of disaster damage to critical infrastructure and disruption of basic services
- Understanding disaster risk;
- Strengthening disaster risk governance to manage disaster risk;
- Investing in disaster risk reduction for resilience; and
- Enhancing disaster preparedness for effective response and to “Build Back Better” in recovery, rehabilitation and reconstruction.

## 3. Pre-Winter Awareness Program in “Dubai” Informal Settlement: Evaton West:

When approaching winter season, municipalities have a responsibility of making communities aware of the peril of fires and how they can be avoided and protect themselves. In an attempt to increase awareness to our communities, Sedibeng District Municipality (inclusive of Emfuleni Local Municipality) held an awareness campaign at Dubai Informal Settlement: Evaton West. The intent of the program was to make residents aware of the peril of home fires and how to deal with them. Moreover, the campaign was in the form of service delivery expo, whereby other relevant and much needed services were brought to the people. The stakeholders included the following:

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- Anova (Health Screening)
- Department of Home Affairs
- ESKOM
- NICRO NGO
- Rand Water
- Road Safety
- CDW's

The crux of the program was also on the installation of Smoke detectors to 300 households in Dubai settlement. Smoke detectors are an important part of safety in a home, as these fire-protection devices will automatically detect and warn you of the presence of smoke and can save your life in the event of a fire. The community leaders were in the forefront of this initiative, as they have been trained on the installations and they were “doing it for themselves”.



#### 4. Risk Reduction Awareness, Screening and Testing to Curb the Spread of Covid-19: Vereeniging Checkers Acorn park:

Disaster Risk Reduction initiatives are aimed at promoting culture of risk avoidance among communities by capacitating them through creation of public education and awareness programmes. Such programs are essential in ensuring that members of the communities are in a position to avoid disaster risks and to know how to respond should disasters be experienced.

Such initiatives moreover, serves to interface information sharing and promotion of resilience with 'at risk and vulnerable communities', government departments and Disaster Management stakeholders and is viewed as a conduit of information in building resilient communities and cities.

The world at large is currently phased with the Covid-19 pandemic and South Africa is no exception. In response to the rapidly changing landscape during the pandemic, Disaster Management in Sedibeng District

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Municipality has formed alliance with other relevant sectors to protect and inform the public about the pandemic and ensuring that they abide by the set Disaster Management Regulations in dealing with the pandemic. In this regard, new approaches to community Risk Reduction efforts/measures are established in line with management of Covid-19 pandemic.

In attempts to increase awareness to our communities, Sedibeng District Municipality, in collaboration with other stakeholders (Red Cross, etc.) held an Awareness campaign at Vereeniging Checkers Acorn Park. The intent of the program was to make residents aware of the peril of the pandemic, with special focus on the following:

- Informing, educating and encouraging the community of the importance of adhering to regulations,
- Encouraging communities to participate in public screening and testing.
- Ensuring crowd movement management
- Social distancing
- Adherence to Health protocols
- Compliance to Occupational Health and Safety regulations

## B. Ensure effective Response and Recovery Efforts

This service delivery area presents actions concerned with disaster response and recovery within the region of Sedibeng. It addresses requirements for an integrated and coordinated policy that focuses on rapid and effective response to incidents, disasters and post-disaster recovery, in accordance with the Act.

- Response Efforts: 2019-2020 Financial year

Response in Disaster Management is about meeting the immediate basic needs of people affected by an incident or a disaster until more permanent and sustainable solutions can be found. The main responsibility to address these needs and response to incidents or disasters lies with the government or governments in whose territory the disaster has occurred. Involvement of Humanitarian Organizations is also of paramount importance in this phase of Disaster Management Cycle, particularly where there is lack of resources to respond adequately to the needs.

Key objectives for responding to incidents include:

- Facilitating the recovery of the community through the humanitarian assistance;
- Saving and protecting human life;
- Relieving suffering;
- Limiting its escalation or spread and mitigating its impacts;
- Maintaining normal services at an appropriate level; and
- Evaluating the response and recovery effort.

During the financial year in Question, the overall number of incidents responded to are as follows:

Total Relief provided for the period: July 2019 – June 2020								
Total number of incidents	No. of affected People	Blankets	Food Parcels	Tents	Mattress	Tarpaulins	Fatalities	Injuries
119	381	217	91	03	177	31	11	6

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The relief emanates from incidents such as fires, floods and rain storms.



Evaton Storm: 4<sup>th</sup> of January 2020

## Service Delivery Budget and Implementation Plan (SDBIP) Performance Report

Key Strategic Objective: "Promote disaster resilient communities"									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 01		Year 0			Year 02	Year 03	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective: To conduct community awareness campaigns</b>									
Intensification of public awareness and education programmes in disaster management throughout the region	Public awareness campaigns conducted	04	04	04	04	04	04	04	04

## Employees

Employees: Disaster Management Services						
	Year 01	Year 02		Employees	Vacancies (Fulltime equivalents)	Vacancies (as a % of total posts)
	Employees	Posts	Employees			
	No	No	No			
0 – 03	02	02	02	0	0%	
04 – 06	02	02	01	1	50%	
07 – 09	02	02	02	0	0%	
10 – 12	10	10	10	0	0%	
Total	16	16	16	0	0%	



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## PERFORMANCE OF DISASTER MANAGEMENT

The directorate achieved its objectives as stipulated in the Service Delivery and Budget Implementation Plan (SDBIP) for the financial year in question. The attempts to create disaster resilient communities through Risk Reduction efforts within the region are observable and this attribute to less incidents or emergencies related to informal or formal shack/house fires. The coordination/engagement with different stakeholders to manage some of the disasters or emergencies has been successful. There is however, still a dire need to increase the pace at which such programs are running within the region in order to encourage and promote culture of risk avoidance on all existing risks and on any other that may emanate.

## COMPONENT H: SPORT AND RECREATION

### 3.23 SPORT AND RECREATION

#### Promote and support sport and recreation in the region

The Sport and Recreation division performs a coordination role by assisting and supporting Provincial DSACR, DE, Tertiary Institutions and Local Municipalities in assessing their development trajectory in the 09 Prioritized Sporting Development Codes identified, including giving priority to the Sports Council's in achieving strategic developmental outcomes of the various sports disciplines which is at different phases of development and maturity within Sedibeng region.

Sedibeng District Municipality is part of the South Corridor Sports and Recreation Intergovernmental Relations Forum consolidates annual development plans of the various sporting codes in our Region through a comprehensive due diligence of each priority code to ensure that logical process management principles are adhered too on the basis of our annual plans of the IDP and SDBIP.

#### Core Responsibilities of Sports and Recreation Division

- Is to assist in developing the 9 priority Sporting Codes as identified in Gauteng Province.
- Create Sports and Recreation as a platform that assist in understanding Cultural Diversity and tolerance in Nation Building and the development of a Patriotic Society through integration.
- Establish and assist with the continued development of Sports in collaboration with the Sports Councils/Confederations in the Region.
- Develop the turnaround strategy of our Region through our Sports Plan.
- Facilitate the impact of the Recreational Policy for the Region once approved.
- Facilitate Strategic Partnerships in pursuance of our goals and objectives.

Emanating from the above-mentioned core responsibilities; Sedibeng District Municipality has participated in various sports and recreation developmental programmes. This include participation at Sedibeng South African Football Association (SAFA)'s Ordinary Congress Meeting which took place on the 15 September 2019 at the Vaal Technorama, Vereeniging. Academy Coaches Seminar was also facilitated and held on the 21 September 2019 at the Vaal Technorama, Vereeniging. Motsepe Foundation Toys Distribution Programme is one of the key programmes taking place annually. There were several plenary meetings held to prepare for the distribution of these toys, which occurred on the 02 December 2019.

On 15<sup>th</sup> March 2020, SDM in partnership with Emfuleni Athletics Club successfully hosted Sharpeville Half Marathon event at George Thabe Stadium. This was part of the building-up programmes towards the annual Human Rights Day event, which

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normally takes in Sharpeville to commemorate the 1960 Sharpeville Massacre which sadly left 69 people dead, and further 180 critically injured.

Programmes which were scheduled for the fourth quarter could not be implemented due to a National State of Disaster which has been declared as a result; of Covid-19 pandemic. The Arts and Culture Sector has been on lockdown throughout from Level 05, which started on the 26 March 2020 to date, under Level 03 as per Disaster Management Act No. 57 of 2002 Regulations issued in terms of Section 27 (2).

## Promote and Support Arts & Culture Programmes

The SRACH Directorate in the Arts and Culture Division has the responsibility to manage and operate three major Theatres in the Region being the Vereeniging Theatre, Mphatlalatsane Theatre (Closed as stated earlier) and the Sharpeville Hall/theatre on a daily basis. It also encourages theatrical development of stage productions and plays in the various genres of the art in collaboration with private sector practitioners in the various fields of the Arts and culture. It further consistently defines developmental opportunities with the underprivileged communities by giving them opportunities to express themselves in the arts and culture industry. Key focus areas in this regard include the following:

- In the different Genres of the Arts.
- Create an understanding in Cultural Diversity and Tolerance in Nation Building, the creation of a Patriotic Society fully integrated.
- Establish the Development of the Creative Industries as a New Economic Driver that links to Heritage Programs and unique Memorabilia development for the Region.
- Develop the turnaround strategies for Arts & Culture and Theatres in our Region.
- Develop the South Corridor “School of the Arts in our Region.
- Facilitate Strategic Partnerships.

Some of the achievements derived from the above-mentioned key deliverables include; creating an opportunity for local artists to participate at an annual Gauteng Social Cohesion Carnival which took place on the 24 September 2019 in Tshwane. Over 2000 artists from Sedibeng region participated at this carnival.



During the period; 17 – 22 September 2019, a Fine Arts Exhibition was held at the Vereeniging Civic Theatre in conjunction with Gauteng Department of Sport, Arts, Culture and Recreation. The first ever Show your Talent Competition was hosted during the period; 22 – 28 September 2019 at the Vereeniging Theatre, whereby 625 delegates entered and participated in

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the show. Crafters are also supported and afforded a platform to showcase their talent through various platforms. This included the Crafters Market that held in Sharpeville on the 28 September 2019.

One of the key programmes participated in, is the Gauteng Creative Industries Conference which was held on the 06 – 07 February 2020. Its main purpose was to create a platform where engagements would take place with various SMMEs on the current state of IP Ownership within the creative sector in Gauteng.

## Service Delivery and Budget Implementation Plan (SDBIP) Performance Report

Key Strategic Objective: Provide developmental sports, arts and cultural programs									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year 1		Year 0			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective: To the improve the quality of lives for the people of the region									
04 Sports and Recreation programmes supported	Support Sports and Recreation programmes	04	09	04	04	04	04	04	04
04 Arts and Cultural programmes supported	Support Arts and Cultural Programmes	05	05	05	04	04	04	04	04
02 Regional Craft Hub programmes supported	Support Craft Hubs Programmes	04	04	04	02	02	02	02	02

Employees: Sports, Recreation, Arts, Culture & Heritage					
	Year 01		Year 02		Vacancies (as a % of total posts)
	Employees	Posts	Employees	Vacancies (Fulltime equivalents)	
	No	No	No	No	
0 – 03	01	01	01	0	0%
04 – 06	06	11	06	05	0%
07 – 09	03	05	03	02	0%
10 – 12	05	07	05	02	0%
Total	15	24	15	09	0%

### PERFORMANCE OF SPORTS, RECREATION, ARTS, CULTURE & HERITAGE

The SRACH Department has met its obligations of the SDBIP for the period with some challenges in heritage and museums around the slow process the Municipalities in Sedibeng advances the elements of both Geographic Name Changes and declaration processes that goes through other Provincial and National responding Agencies/Departments, In Arts and Culture

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we have very serious capacity challenges and financial challenges that impacts the outcome of the division, the same can be classified for Sports and Recreation.

It should also be noted that programmes which were scheduled for the fourth quarter could not be implemented due to a National State of Disaster which has been declared as a result; of Covid-19 pandemic. The Arts and Culture Sector has been on lockdown throughout from Level 05, which started on the 26 March 2020 to date, under Level 03 as per Disaster Management Act No. 57 of 2002 Regulations issued in terms of Section 27 (2).

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

Sedibeng District Municipality Corporate Policy Offices are up and running and functioning at full potential. Obligated by legislation, Policies of the municipality are either developed or reviewed, based on the situation and circumstances prevailing as change is constant. All these policies, before they get implemented are exposed to councillors in workshops for them to familiarise themselves with their contents and make political inputs. Political and administrative offices are fully functional and all are geared towards implementing strategies of council in an endeavor to achieve goals and objectives of the municipality.

### 3.24 EXECUTIVE AND COUNCIL

On the 3rd of August 2016, South Africa conducted Local Government Elections. Emanating from this process, there were changes in the municipality; where new Councillors were ushered in Council. Subsequently Sedibeng Council was established on the 18th of August 2016; with new political parties constituting Sedibeng Council. Effective corporate governance is a central focus that distinguishes Sedibeng District Municipality from other municipalities. The District Municipality has established important committees to encourage compliance with all legislation and to enhance ethical consideration by all its employees and Councillors.

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

The Executive and Council include all administrative support that is provided to the offices of the Executive Mayor, the Speaker of Council, the Municipal Public Accounts Committee Chairperson and Councilors. Normally these would include all meetings of Council and those of other committees of council.

The support is rendered by the Committee Section within the Corporate Services Cluster. The primary function of this unit is to ensure support to the Executive Mayor and Speaker of Council; ensuring efficient, well-coordinated and smooth running of the meetings, including minutes recording and archiving of all Mayoral, Council and other Committees of Council minutes.

#### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

For the period under review, the following tables depict the number of meetings held by Mayoral Committee and Council:



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## Section 80 Portfolio Committee Meetings

	Finance	Corporate	Community Services			Strategic Planning and Economic Development			Transport, Infrastructure and Environment	
			Health & Social Development	Public Safety	SRAC	Strategic Planning	LED & Tourism	Development Planning and Human Settlement	Transport & Infrastructure	Environment and Clean Energy
Number of Ordinary Meetings	6	3	3	0	0	0	5	6	4	3

MAYORAL COMMITTEE MEETINGS	16
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COUNCIL MEETINGS	8
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# Chapter 3

## COMMENTS ON THE PERFORMANCE OF EXECUTIVE AND COUNCIL

For the period under review, Executive performed well, albeit under financial constraints.

Financial Performance Year 0: The Executive and Council					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					#DIV/0!
Expenditure:					
Employees	41 343	42 443	45 100	43 506	2%
Repairs and Maintenance					#DIV/0!
Other	14 096	7 201	4 028	3 359	-114%
<b>Total Operational Expenditure</b>	55 439	54 966	56 401	55 439	1%
<b>Net Operational Expenditure</b>	55 439	54 966	56 401	55 439	1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.24.5

### 3.25 FINANCIAL SERVICES

This Cluster is regarded as the aorta for the municipality; hence prudent, effective and efficient service is the blood within this cluster. It is divided into two Directorates, namely, the Financial Management Directorate and the Supply Chain Management Directorate, all reporting the Chief Financial Officer.

The Cluster sees to it that there is prudent spending on all municipality projects. The cluster is highly regulated and ignorance is no excuse in executing duties and responsibilities. Below is graphical and tables enunciating what transpired in terms of financial movements.

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Financial Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
<i>Increase in speed of payment of tariffs, tax demands, invoices</i>	No more than x% of creditors raised (in Rand value) during the year outstanding (o/s) at year end	No more than T0% of current yr creditors o/s at yr end	No more than A0% of current yr creditors o/s at yr end	No more than T1% of current yr creditors o/s at yr end	No more than T1% of current yr creditors o/s at yr end	No more than A1% of current yr creditors o/s at yr end	No more than T2% of current yr creditors o/s at yr end	No more than T5% of current yr creditors o/s at yr end	No more than T5% of current yr creditors o/s at yr end
<i>Reducing the number of invoices raised by increasing advance payment for services rendered (A project requiring participation by all departments but let by the central finance department)</i>	x% reduction in number of invoices raised over the previous year's target	T0% reduction in invoices raised; target limit of invoices	A0% reduction in invoices raised; target limit of invoices	T1% reduction in invoices raised; target limit of invoices	T1% reduction in invoices raised; target limit of invoices	A1% reduction in invoices raised; target limit of invoices	T2% reduction in invoices raised; target limit of invoices	T5% reduction in invoices raised; target limit of invoices	T5% reduction in invoices raised; target limit of invoices
<i>Improving speed of legal measures to recover revenues</i>	Commence legal proceedings for recovery of revenues within 4 weeks of the due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

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Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	3	1	25%
4 - 6	4	9	3	6	67%
7 - 9	7	8	7	1	13%
10 - 12	0	6	0	6	100%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	17	29	15	14	48%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Financial Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	266 795	273 181	273 806	279 984	2%	
Expenditure:						
Employees	12 985	8 923	9 722	15 843	44%	
Repairs and Maintenance					#DIV/0!	
Other	14 517	4 906	5 592	5 487	11%	
<b>Total Operational Expenditure</b>	27 501	13 829	15 314	21 330	35%	
<b>Net Operational Expenditure</b>	(239 293)	(259 351)	(258 492)	(258 654)	0%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.25.5	

## 3.26 HUMAN RESOURCE SERVICES

Section 51 of Municipal Systems Act, requires that municipality must within its administrative and financial capacity establish and organize its administration in a manner that would enable the municipality to- (a) be responsive to the needs of the local community;(b) facilitate a culture of public service and accountability amongst its staff;(c) be performance orientated and focused on the objects of local government set out in section 152 of the Constitution and its developmental duties as required by section 153 of the Constitution;(d) ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the priorities and objectives set out in the municipality's integrated development plan;(e) establish clear relationships, and facilitate co-operation, co- ordination and communication; (f) organize its political structures, political office bearers and administration in a flexible way in order to respond to changing priorities and circumstances;(g) perform its functions; (h) assign clear responsibilities for the management and co-ordination of these administrative units and mechanisms;(i) hold the municipal manager accountable for the overall performance of the administration;(j) maximize efficiency of communication and decision-making within the administration; (k) delegate responsibility to the most effective level within the administration ;(l) involve staff in management decisions as far as is practicable; and(m) provide an equitable, fair, open and non-discriminatory working environment. The Directorate is designed to maximize employees' performance of municipality's IDP Strategies and Objectives; paying particular attention to policies, systems and processes. The Directorate is responsible for overseeing employees' benefits design, employee recruitment,

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*training and Development, performance appraisal, and rewarding. It is also tasked with organizational change and industrial relations such as the balancing of organizational practices with requirements arising from collective bargaining and governmental laws.*

As at the end of the year under review, this Directorate had carried out the following deliverables and objectives:

- Successfully submitted Workplace Skills Plan and Training Plan with LGSETA within prescribed time period;
- Capacitated employees on code of conduct, including conditions of employment;
- Implemented electronic leave management system;
- Established Occupational Health and Safety Committee;
- Established Employment Equity Committee and it is fully active in equity matters relating to employees;
- Actively participated in the mitigation and management of Covid-19 scourge among employees;
- Participate in the Local Labour Forum meetings and the implementation of its resolutions;
- Developing Job Descriptions and evaluating existing and new job levels.
- Capacitating employees through internal bursaries;
- Recorded yet again zero fatalities and injuries in the workplace.
- Continued with Wellness programmes aimed at empowering employees on a variety of socio-economic issues or challenges faced by employees; including personalised one-on-one Psycho-social support;
- Developed and reviewed human resources policies

Through active participation and cohabitation with organised labour, the Municipality has successfully maintained harmonious workplace relations by proactively preventing disputes, disruptive workplace activities and resolving workplace disputes by application of various dispute resolution mechanisms; for which the testimony is the zero protests by employees.

## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Level 12 -13	0	0	0	0	0%
Level 9-11	5	4	4	0	0%
Level 6-8	1	1	1	0	0%
Level (4-5	6	6	6	0	0%
Level 2-3	2	3	2	1	33%
Level 1	0	0	0	0	0%
Level 0	0	0	0	0	0%
Total	14	14	13	1	7%

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Financial Performance Year 0: Human Resource Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	383,472	457,087	450,000	306,062	-49%
Expenditure:					
Employees	7,499,103	7,968,105	7,193,491	7,638,694	-4%
Repairs and Maintenance	0	0	0	0	0%
Other	730,356	630,300	1,009,824	1,494,443	58%
<b>Total Operational Expenditure</b>	8,229,459	8,598,405	8,203,315	9,133,137	6%
<b>Net Operational Expenditure</b>	7,845,987	8,141,318	7,753,315	8,827,075	8%

## COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Among other activities performed by the Human Resources Directorate, the following were the key:

- Human Resources Development
- Employee Relations
- Recruitment and Selection
- Health and Safety
- Employment Equity
- Development of HR policies
- HR Administration (HR systems and Leave management)

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communication Technology (ICT) is critical for the Sedibeng District Municipality's mission and its successful operations. Information and communication technology is needed to create a strategic advantage for the municipality. When information technology initiatives align with the strategic goals of the municipality the impact can be transformative – empowering Departments to improve business operations to deliver quality services, and fomenting change through the intelligent use of data and ICT resources. To this effect, the brief introductory comments on the structure of the ICT Directorate as well as the set priorities of the year under review follow below.

ICT Services is part of the Cluster Corporate Services and consists of three sections, namely Governance, Operations and Technical services. ICT governance incorporates the management of the total ICT function, governance processes, audit and risk. The Operational section deals mainly with the performance of software, network security, policy and procedure compliance as well as mobile communications; while Technical services support hardware, network operations, fibre optic communications and audio and visual (AV) services.

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As ICT is crosscutting and an enabler for development, sustainability and growth, the ICT Directorate focused on the following outputs in line with the approved 2019/2020 Integrated Development Plan and Service Delivery, Budget and Implementation Plan (SDBIP):

- Maintaining the municipality's optic fibre network to enable high availability with efficient and effective resource utilization: - The ICT Directorate supports and maintains approximately 110 km of overhead and underground fibre for communication purposes. This fibre network connects buildings and offices throughout the Sedibeng region and facilitates communication, data sharing and information exchange with other local municipalities such as Emfuleni and Midvaal. The fibre optic infrastructure consistently delivered performance in the period under review, except during downtime during repairs; when power outages and load shedding temporarily interrupted services. Unfortunately, an external party working on an unrelated project damaged a fibre cable running next to a main road. The damage was reported to the municipality's insurers and a claim for the repair was initiated. Due to redundancy built into the design of the fibre infrastructure, services continued along alternative routes during this period.
- Coordinates and implements ICT shared service connectivity with local municipalities: - Shared services is a primary input to reduce duplication and unnecessary resource consumption, embedding ICT systems throughout the District and aligning ICT outcomes. ICT shared services included ICT staff deployed to Emfuleni Local Municipality (ELM). Twenty-five staff members were deployed to the Emfuleni site at an annual cost of R 10,625,184. No staff members were deployed to Midvaal and Lesedi Local Municipalities, due to their independent and different approaches to ICT. The fibre optic infrastructure shared with both the Midvaal and Emfuleni local municipalities delivered high-uptime in the period. The fibre performed at a total uptime of 98.85%.
- Ensures functionality of the ICT Operational Steering Committee (ICTOSC):-The primary function of the Committee is to plan and provide oversight of ICT with its focus on ICT Technology and development. The tracking log tool developed by the ICTOSC is functional and keeps track of the progress made on decisions taken by the ICTOSC. In the period under review, six resolutions were taken and implemented. To ensure full functionality of the ICTOSC, representation is vital. A number of Departments are currently not represented on the committee, therefore a resolution was taken to harness the support of current members and invite new members to join. Appointment letters were prepared for all current members. Letters were also prepared to request Executive Directors to elect members in their Directorates where there is currently no representative.
- Additional to the outputs specified in the 2019/2020 IDP, the ICT Directorate also supported governance and operational functions to ensure efficient service delivery to end-users. This included the following:
  - ICT Governance. This is a process to monitor and control key ICT capability decisions in an attempt to ensure the delivery of value for money to key stakeholders. This reporting complies with the Corporate Governance of ICT Policy Framework (CGICTPF) as approved by Council. To support the affordability imperative, costs were contained in line with the approved budget. Contractual services for the period amounted to R 273,720. The total cost for telephony services was R 3,041,916.
  - The IT Department currently have five operational service level agreements in place. Services under contract include internet services, network maintenance and support, high-mast rental, telephony and networking security engineering. All service level agreements are subject to the outcome of performance reviews at regular intervals as agreed upon in the Service Level Agreements with each vendor. Reviews take place quarterly and all service providers met and exceeded specified service targets and metrics.



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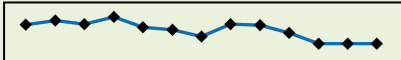





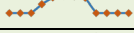


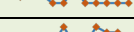
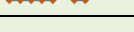
- Maintenance of hardware and infrastructure takes place on a regular basis to ensure optimal functionality and reduce the total cost of ownership. Total amount spent on maintenance for the period was R 727,568.
  - In support of the ease of use of ICT technology, technicians supported 1,742 calls in the period. Calls logged through the Help Desk were completed in the allocated timeframe.
  - Firewalls and an anti-virus program is in place to facilitate a secure environment. The anti-virus software license was renewed in March for the period 2020 – 2021 at a cost of R 84,785.
  - A full regulatory audit took place in October/November 2019 through the office of the Auditor General. Twenty findings were noted. The findings are mainly administrative and/or housekeeping in nature and none of the findings were significant or had a significant impact on the status of the audit outcome. The ICT Directorate is in the process of addressing these findings and updating policies to ensure compliance with findings.
- ICT production environment. The Department hosts nine servers in the production environment. The servers are supported in-house and regular service checks and maintenance tasks are completed. Servers include software for the Finance Department (Solar, Payday, Baud and Nedbank), Human Resources (Payday), Records (Quidity), TIE (GIS) as well as data and electronic mail (all users). The servers continue to deliver high uptime and functionality. Uptime on servers was 99.7% in the period. Downtime was mainly due to extended power interruptions where the uninterrupted power system (UPS) failed due to a fault after a power surge and power disconnected from the server room. All software licenses were paid on time and no penalties were incurred. Total cost of licenses for the period was R 3,004,400. The exchange rate had a negative effect on the cost of licenses and fluctuations will continue to impact on costs.

## Service Statistics for ICT Services







The following service statistics were collected and summarized for purposes of dispersing information regarding the services provided by the ICT Department.

ICT Service Statistics 2019/2020			
ICT Governance			
Reporting on the status quo of the ICT operational environment regarding the compliance with the corporate governance of information and communication technology (ICT) policy framework (CGICTPF) as approved by Council.			
Imperative	Operational Requirements	ICT Environment	
Affordability	SDM require ICT costs to be low and are focused on value for money	<b>ICT expenditure included (in Rand):</b>	
		Mobile communication	594,617
		Telephony	3,226,887
		High mast rental	113,280
		Internet and firewall services	419,712
		Software license fees	3,004,400
		DSTV & SABC TV Licenses	23,525
		Repair and maintenance of hardware	105,738
		Repair and maintenance of network infrastructure	621,829
		Printing peripherals	759,295

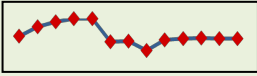
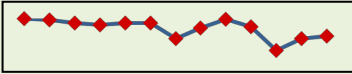
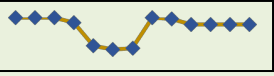

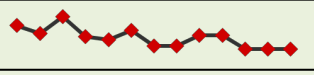
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		Capital expenditure computers and peripherals	378,047
		Capital expenditure networking/fibre	178,530
Ease of use	The ICT technology should be easy to use for all users.	In the period a total of 1,481 calls were logged and resolved through the ICT help desk. The help desk software had a 100% availability during the year.	
		 <p>The downward trend towards the end of the financial year is due to the impact the lockdown had on service requests.</p>	
		Audio and visual support were delivered to 79 proceedings.	
		 <p>The downward trend towards the end of the financial year is due to the impact the lockdown had on events and support required.</p>	
Reliability	Systems need to functions as intended at all times	Fibre optic availability: <b>95.58%</b>	
		The fibre optic infrastructure delivered consistent performance in the period under review. The damaged caused by an external party to the fibre running along the R59/Boy Louw Road was unforeseen and due to error on the external party's side. The damage was reported and a process of claiming from Sedibeng's insurers is well under way.	
		ICT Operational environment availability: <b>99.70%</b> The servers continue to deliver high uptime and functionality. The UPS failed to charge from generator after a power failure in the area and this caused downtime in February 2020. Furthermore, the UPS had a fault after a power surge and electricity disconnected from the server room in April 2020. The fault was repaired and the unit is fully functional.	
		Internet an electronic mail availability: <b>99.70%</b>	
		These services are impacted by the performance of local servers. But overall the performance was excellent with the software and systems continuing to provided very high uptime to users. Hardware downtime was minimum and could be resolved in short turnaround timeframes.	
Security	Unauthorized access to data should be prevented and integrity of data/system protected. The SDM host based intrusion detection system (HIDS) reported and blocked packets on the network interface after analysing exchanged packages. No breaches in security occurred in the year	<b>HIDS data sources</b>	<b>12-month total</b>
		Authentication success	 116,981
		Syslog	 103,693
		SPAM	 36,749
		Authentication failed	 25,624
		Named	 112,139
		SUDO	 2,244
		Authentication failure	 590
		Service availability	 80
		HIDS	 56

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	2019/2020 as the statistics reflect.	Multiple SPAM	 433
		Invalid login	 45
		Attacks	 24
		Top five countries of origin attacks	Taiwan United States of America China South Korea Russian Federation
Audit and internal controls	An accurate reflection of processes and procedures is vital to ensure compliance to best practices, ICT standards and regulatory requirements	<p>A full regulatory audit took place in October/November 2019. Twenty findings were noted. The findings were mainly administrative and/or of housekeeping in nature and none of the findings were significant or had a significant impact on the status of the audit outcome.</p> <p>The ICT Department is implemented recommendations and amendments by 30 June 2020.</p> <p>No internal audit review of ICT services took place in the period.</p>	
<b>ICT Operational Services</b>			
Server Performance	<p>Overall performance for the nine servers in the production environment is 99.70%.</p> <p>The UPS failed to charge from generator after a power failure in the area and this caused downtime. Furthermore, the generator experienced a power surge during a power outage which caused the battery to explode. This generator could not start due to the faulty battery, but after replacing the faulty battery services continued. This caused the second downtime incident.</p>  <p>License fees were paid on time for all server software and no penalties were incurred. The exchange rate had a negative effect on the cost of licenses.</p>		
Electronic mail	<p>Availability of service: 99.70%</p> <p>Performance of electronic mail is influenced closely by server performance.</p>  <p>Due to the downtime on servers, the availability of mail services was influenced.</p> <p>No other downtime occurred.</p>		
Internet availability	<p>Availability of service: 99.70%</p> <p>Performance of internet availability is influenced closely by server performance. Due to the downtime on servers, the availability of internet services was influenced</p> 		
Vendor performance monitoring	<p>Four contracts are currently managed by the ICT Department.</p> <p>Total cost of contracts managed: R 4,381,708.</p> <p>All service level agreements are subject to the outcome of performance reviews at regular intervals as agreed upon in the SLA with each vendor. Service targets and performance metrics include standard and specialized critical success factors to ensure the successful management of the SLA.</p> <p>In the period the vendors met and exceeded their performance metrics.</p>		
Manage mobile subscriptions	<p>A total of 67 mobile subscription contracts are managed by the ICT Department.</p>		

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	Total cost of contracts managed: R 594,617.		
Management of switchboard, lines and peripherals	Calls made in the period: <u>224,047</u> Extension lines in use: <u>360</u>	Expenditure in the period: R <u>3,226,887</u>	
Support Licensing Department through SMS provision (collection of drivers licenses)	SMS sent in the period: <u>9,050</u> Service only commenced in October 2019 and was disrupted severely by the lockdown declared in March 2020.		
<b>Technical Services</b>			
Implement adequate operations and procedures to ensure high up-time of networks and fibre optic network	Total uptime of network/fibre: <u>95.58%</u>		
			
	The fibre optic infrastructure delivered consistent performance in the period under review. The damaged caused by an external party to the fibre running along Boy Louw Road was unforeseen and due to error on the external party's side. Due to built-in redundancy in the network, services were rerouted to ensure connectivity.		
Manage technical operations	Total calls logged in the period: <u>1,481</u>		
			
	The downward trend towards the end of the year correlates with the closure of offices during the lockdown.		
	Total audio/visual events supported: <u>79</u>		
			
	Due to the lockdown and limits placed on gatherings, the requirement for this service was greatly reduced from March 2020 onwards.		

# Chapter 3

ICT Services Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>WORLD-CLASS ICT INFRASTRUCTURE IN SUPPORT OF A “SMART SEDIBENG”</b>									
Maintain the Council’s optic fibre network ensuring high availability with efficient and effective resource utilization	Report on repairs, maintenance and performance of optic fibre network	4	4	4	4	4	4	4	4
Coordinate and implement ICT shared service connectivity with local municipalities	Number of municipalities participating in the ICT related shared services	4	4	4	4	4	4	4	4
Ensure functionality of the ICT Steering Committee	To provide oversight to ICT operations	4	4	4	4	4	4	4	4
									T 3.27.3

# Chapter 3

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4

Financial Performance Year 0: ICT Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	10 234	12 043	12 073	10 964	-10%	
Expenditure:						
Employees	18 755	19 978	20 075	20 093	1%	
Repairs and Maintenance	669	2 450	3 054	3 142	22%	
Other	14 625	12 217	12 193	13 964	13%	
Total Operational Expenditure	34 049	34 645	35 322	37 199	7%	
Net Operational Expenditure	23 815	22 602	23 249	26 236	14%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.27.5

Capital Expenditure Year 0: ICT Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	1 500	552	325	-362%		
It Equipment	800	374	301	-166%		
Networks	700	179	24	-2844%		
Project C				#DIV/0!		
Project D				#DIV/0!		

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.27.6

# Chapter 3

## COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

During the 2019/2020 period the ICT Department performed excellent albeit under difficult circumstances. The reduction in the capital and operation budget allocations lead to innovative actions to ensure that the standard of service and availability of systems remained high. Hardware consistently performed well, but as technology age and newer technology becomes available, it is inevitable that upgrades will need to be made, which will require capital allocation to computer hardware. The fibre infrastructure availability remained in the high ninety percent range, despite power failures and damage by external parties.

The approval of the ICT Strategic Plan 2020 – 2025 will create a sense of technology direction in Sedibeng. The plan will increase operational efficiencies, increase durability and improved sustainability of ICT. The ICT Strategic Plan will ensure that SDM moves to a proactive ICT capability, reduce risk and align ICT resources with SDM's organisational objectives

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## 3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

### Legal Services:

The key objective for Legal Services is to ensure an enabling legal environment for Council to operate in. This is achieved by the, inter alia, rendering of support in the development and vetting of contract, the provision of legal advice to council committees and other functionaries, the perusal of reports and other documents and providing legal comments thereon and the rendering of legal support in the development of by-laws, policies and other documents. Legal Services is also tasked with the management of legal cases instituted by the municipality and the defence of actions that are instituted against the municipality.

The overall objective for the department is ensuring the proper management of Council business. Its other divisions are the committee administration section which renders effective secretarial services to Council and its committees, the records section which continues to be the best nationally and auxiliary services, which provides a courier service and a printing service to the organisation.

The presence of Legal Services is felt in every aspect of Council work, municipalities being a highly regulated environment with a myriad of legislation and regulations that need to be complied with. Legal Services assist in this regard by providing advice when called upon to do so, maintaining a presence at meetings, providing advice in relation to the interpretation of legislation and other legal instruments.

A crucial part of the service that this unit provides is in the development or vetting of contracts. This function is potentially fertile ground for legal challenges and consumes a lot of time and expertise to perform effectively. It is an important indicator of the department's effectiveness in this regard that there has not been a single instance where the municipality was sued as a result of its contracts, this despite the large number of contracts that were dealt with in the period being reported on.

Contract management and administration in particular, and legal services in general cannot be done by the staff in the department. It is a support services department and its work feeds off the inputs and instructions provided by the rest of the organisation. The quarterly contract management meetings are an example of the symbiotic relationship the department has with the other offices, and are aimed at improving the understanding of each functionary of what contract administration entails, the red flags that all should be on the look-out for etc. It is intended that information sessions that go beyond the administration and management of contracts be held going forward, in order to improve performance, efficiencies and



# Chapter 3

cooperation among the internal stake-holders. The key objective for Legal Services is to provide legal services to the political and administrative arms and to ensure an enabling legal environment for Council to operate in. This can be achieved by ensuring that Legal Services performs its core functions accurately. The core functions of the directorate include, but are not limited to the following:

## Litigation management

- Defending all legal action/applications instituted against SDM by third parties,
- Instituting legal action/applications on behalf of the SDM against third parties,
- Management of external attorneys and service providers.

## Corporate and Council legal compliance

- Providing legal comments on all reports submitted to SDM committees, the Mayoral Committee and the Council,
- Providing legal opinions to the Council and the Directorates,
- Drafting SDM by-laws and assisting directorates with policy-making that are pertinent to the Municipality,
- Providing legal support to the Council,
- Providing specialised legal services in respect of projects or initiatives of the SDM and serving on the technical task teams concerned,
- Providing specialised legal support in respect of commercial ventures and related contracts,
- Managing the legal process to recover damages from third parties regarding SDM property Alienation, acquisitions and development law,
- Administering and rendering effective secretarial services to Council and its committees.

## Procurement Services

The Supply Chain Management Unit resides within the Finance Cluster. The Local Government: Municipal Finance Management Act (Act 56 of 2003) requires the municipality to have and implement a Supply Chain Management Policy (SCM Policy) which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

In addition, the Preferential Procurement Policy Framework Act (Act 5 of 2000) requires an organ of state to determine its Preferential Procurement Policy and to implement it within the framework prescribed. The following bid committees were established and are fully functional:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee.

All municipal procurement is conducted against the annual procurement plan that has been approved by the Accounting Officer. Demand management performance has been monitored and reported on a monthly basis to the senior management team for oversight and control purposes.

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## SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

A number of contracts were drafted and vetted. Monthly Mayoral and Council meetings are attended. Ad hoc committee meetings are also attended. There were litigation matters for the financial year. Some of these matters were against the municipality; while other matters were the municipality instituting proceedings against third parties.

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
Details	R'000				
	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
<b>Total Operational Expenditure</b>	195	732	750	744	2%
<b>Net Operational Expenditure</b>	75	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.28.5

### COMPONENT J: MISCELLANEOUS

Sedibeng manages both the Vereeniging and Heidelberg Airports. These are fully functional and for the period under review, Vereeniging has continued to improve its services, amidst old infrastructure, of supply of fuel and general maintenance.

The Heidelberg Airport is operated by the local flying club and a pilot training school is also based at the facility. The former Vanderbijlpark Airport has been deregistered.

### COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

The purpose of this report is to provide summary analysis of Sedibeng District Municipal performance for the 2019/2020 financial year. This is dictated to by the Municipal Systems Act 32 of 2000; which prescribes that the municipality must establish performance management system that is:

- a. Commensurate with its resources
- b. Best suited to its circumstances and:
- c. In line with its priorities, objectives, indicators and targets as contained in the Integrated Development Plan

Currently, Sedibeng is implementing manual organisational performance management system; in line and compatible with all the legislation that governs performance. The system has been in use for about 3 years now, albeit some challenges with regards to principles of objectives and indicators; which we hope to improve on going forward.

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The municipality performance system is in line with the vision and mission of the municipality; and also juxtaposed with the 5Rs+2 of the second generation GDS III; which are: Reinvent the Economy; Renew our Communities; Reviving a Sustainable Environment; Reintegrating our Region; Releasing Human Potential; Good and Financial Sustainable Governance; Vibrant Democracy. Progress is tracked every quarter and is accompanied by POEs, signed off by the HOD of respective Clusters and PMT offices. Although there was notable improvement in performance, there are still challenges with regards to implementing the principles underpinning objectives and indicators. We subsequently developed Standard Operating Procedures (SOPs) to guide and support objectives and indicators against the targets.



## 2019/20 ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT SUMMARY

The tabulation below illustrates that the overall Annual Performance of the municipality for financial year 2019/20 is **71%** as compared to **86%** achieved in the previous FY of 2018/19. The decrease in the performance has been attributed significantly to the introduction of Disaster Management Regulation precipitated by the Covid-19 lockdown. Calculations of Annual Achievement was based the overall achievement of targets as supported by evidence made available for the purposes of this report.

OFFICE / CLUSTER	CURRENT FY 2019/20				PREVIOUS FY 2018/19			
	TOTAL TARGETS PLANNED	TOTAL TARGETS ACHIEVED	VARIANCE	PERCENTAGE (%) ANNUAL	TOTAL TARGETS PLANNED	TOTAL TARGETS ACHIEVED	VARIANCE	PERCENTAGE (%) ANNUAL
<b>ADMINISTRATION CLUSTERS</b>								
Office of the Municipal Manager	10	7	3	70%	9	8	1	89%
Finance	9	8	1	89%	9	8	1	89%
Corporate Services	11	9	2	82%	13	12	1	92%
Community Services	7	4	3	57%	13	12	1	92%
Transport, Infrastructure & Environment & Licensing	8	6	2	75%	8	6	2	75%
Strategic Planning & Local Economic Development	11	9	2	82%	11	8	3	73%
<b>OVERALL ORGANISATIONAL PERFORMANCE</b>	<b>56</b>	<b>43</b>	<b>13</b>	<b>70%</b>	<b>63</b>	<b>54</b>	<b>9</b>	<b>86%</b>

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## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART

The Organizational Development Unit in the Human Resources Directorate serves as key transformation agent dealing with the structure of the Municipality. This is done to ascertain that the municipality remains relevant and is aligned to its strategy, job description and evaluation process; including paradigm shift by all in the municipality; hence the unit is operates separately within the Human Resources Department. The municipality needs to change to enable its responsiveness to citizen's needs, sustainability and resilience; including competitive edge. The municipality has to develop strong competitive advantage for impending evolution.

The municipality therefore subscribes to the notion that “clearly defined and espoused organisational values as the compass for the journey towards organisational effectiveness. Values are the behaviours particularly valued in an organisation. They are defined as a set of core beliefs or principles that influence the way people and groups behave and are demonstrated through the behaviours they encourage. They provide a consistent point of reference to steer direction, inform decisions and measure outcomes enabling the organisation to achieve its visions”. The municipality therefore aspires to consistently consult, engage and focus in a manner that is consistent with the intention of those values

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The National Development Plan impresses on the attainment of a capable and developmental state; amongst others, the right quality and quantity of human resources. Therefore, adequately balanced and skilled workforce invariably enhance the quality and sustainable provision of service by the municipality. Although currently out of reach and seems impossible, the municipality is on a concerted efforts for appropriately sized organisation; where skills would match the core functions of the municipality.

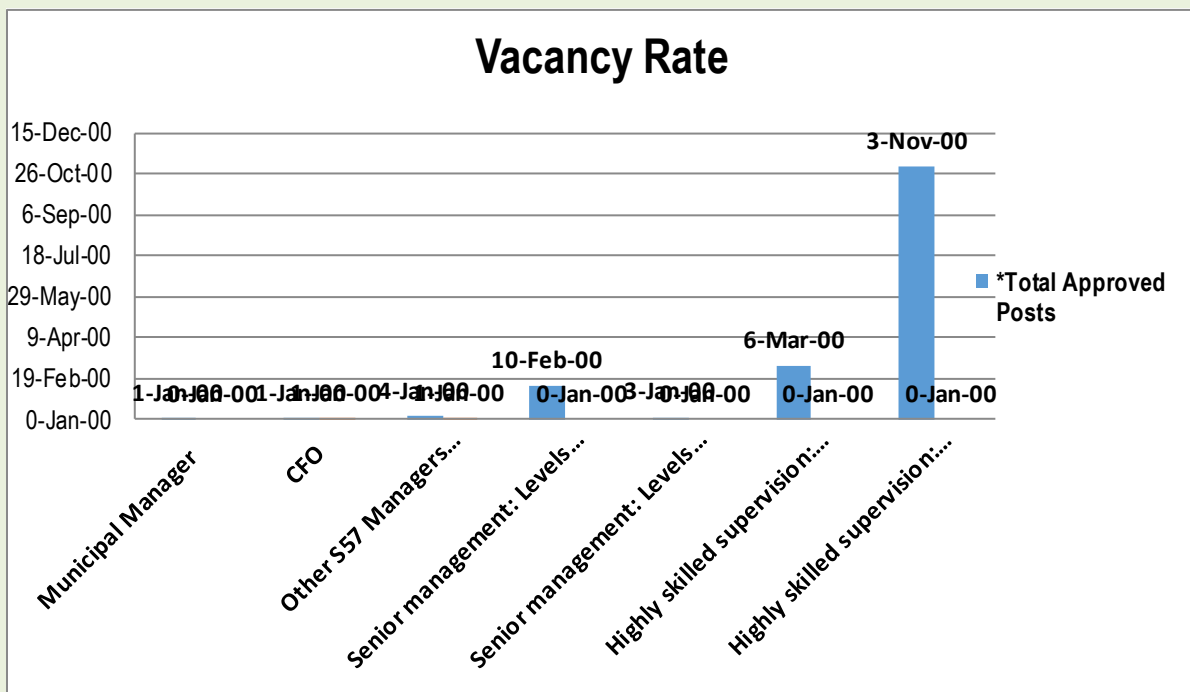
As at 30 June 2019, Sedibeng District Municipality had a total workforce of 628 employees, distributed to various departments. The Table below depicts the number of employees and vacancy rate per departments.

#### 4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

TOTAL NUMBER OF STAFF INCLUDING COUNCILLORS FOR JUNE 2020											
CATEGORY	CLUSTERS										
	Councillors	Office of the Mayor	Office of the Speaker	Office of the Chief Whip	Office of the MM	Finance	Corporate Services	TIE	Community Services	SPED	Total Number per Category
Permanent Staff	0	17	10	5	21	14	154	181	85	55	542
Contract Staff	0	2	3	1	1	1	3	1	2	2	16
Section 57 Staff	0	0	0	0	1	0	1	0	1	1	4
Interns	0	0	0	0	0	4	0	3	0	0	7
Committee Members	0	0	0	0	5	0	0	0	5	0	10
Councillors	45	1	2	1	0	0	0	0	0	0	49
<b>TOTAL</b>	<b>45</b>	<b>20</b>	<b>15</b>	<b>7</b>	<b>28</b>	<b>19</b>	<b>158</b>	<b>185</b>	<b>93</b>	<b>58</b>	<b>628</b>

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Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	4	1	25.00
Senior management: Levels 2-3 (excluding Finance Posts)	41	0	0.00
Senior management: Levels 2-3 (Finance posts)	3	0	0.00
Highly skilled supervision: levels 4-6 (excluding Finance posts)	66	0	0.00
Highly skilled supervision: levels 4-6 (Finance posts)	308	0	0.00
<b>Total</b>	<b>424</b>	<b>2</b>	<b>0.47</b>



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	616	35	6%

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Year -1	595	21	4%
Year 0	628	19	8%

It should be acknowledged that Sedibeng, like other municipalities in the country, experiences financial constraints. As such some vacancies, although approved, will still remain vacant until such time that the municipality's finances improve. It is also commendable that the municipality's vacancy rate is lower than 10%.

The turnover rate is also at the minimal; where in the main the attrition is caused by normal retirements, resignations and deaths, while very low percentage is due to dismissals. Otherwise the average age of the workforce at this municipality is between 30 and 45 years of age; therefore high turnover rate is unlikely.

## COMMENT ON VACANCIES AND TURNOVER

Sedibeng, like any other municipality, is experiencing staff turnover. During the year under review, in the main, staff turnover has been due to retirements and/or deaths; which unfortunately the municipality cannot fill most of them because of efforts to reduce staff.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Workforce management is a core function of each line manager and supervisors; hence the consistent development and reviewal of policies, processes and standards ensure fair and reasonable standardisation in managing the workforce; and those are adopted and approved by various structures within the municipality. Sec 67 of the Municipal Systems Act requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

In an effort to uphold the provisions of legislation, the municipality reviewed and workshop were held on policies for councilors. Conducted road shows for staff to reinforce and enlighten them about some crucial systems such biometric for time and attendance, code of conduct; and procedures such as grievance procures.

### 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Career Pathing Policy	100%		5-Dec-18
2	Succession Planning Policy	100%		5-Dec-18
3	Retention Policy	100%		5-Dec-18
4	Internship Policy	100%		5-Dec-18
5	Learnship Policy	100%		5-Dec-18
6	Essential Services	100%		26-Nov-14
7	Employee Assistance / Wellness	100%		26-Nov-14
8	Employment Equity	100%		26-Nov-14
9	Exit Management	100%		26-Nov-14

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10	Grievance Procedures(SALGA/Labour Collective Agreement)	100%		26-Nov-14
11	HIV/Aids	100%		26-Nov-14
12	Human Resource Development	100%	100%	1-Dec-18
13	Incapacity Policy	100%	100%	5-Dec-18
16	Occupational Health and Safety	100%		26-Nov-14
17	Official Housing	100%		26-Nov-14
18	Official Journeys	100%		26-Nov-14
19	Official transport to attend Funerals (reflected on the Bereavement Policy)	100%		26-Nov-14
21	Organisational Rights	100%		26-Nov-14
22	Bereavement Policy	100%	100%	31-Mar-15
24	Recruitment, Selection and Appointments	100%		7-Jul-10
25	Remuneration Scales and Allowances	100%		26-Nov-14
26	Resettlement Relocation	100%		26-Nov-14
27	Sexual Harassment	100%		26-Nov-14
28	Flexi Time Policy	100%		26-Nov-14
29	Smoking	100%		26-Nov-14
31	Work Organisation	100%		26-Nov-14
32	Uniforms and Protective Clothing	100%		26-Nov-14
33	Other:			

## COMMENTS ON WORKFORCE POLICY DEVELOPMENT

In any organisation, policies and procedures are instrumental for orderly and logical carrying of particular duties. The review and development of policies are influenced in the main by the changing circumstances and situations such as the municipality trajectory in pursuing particular vision. Most policies carry reviewal period with them; while others are reviewed based on circumstances. The exercise of the development and/or review of policies is not desk- or laptop driven, but rather a concerted, coordinated and synergised effort; where all and sundry in the municipality should be involved

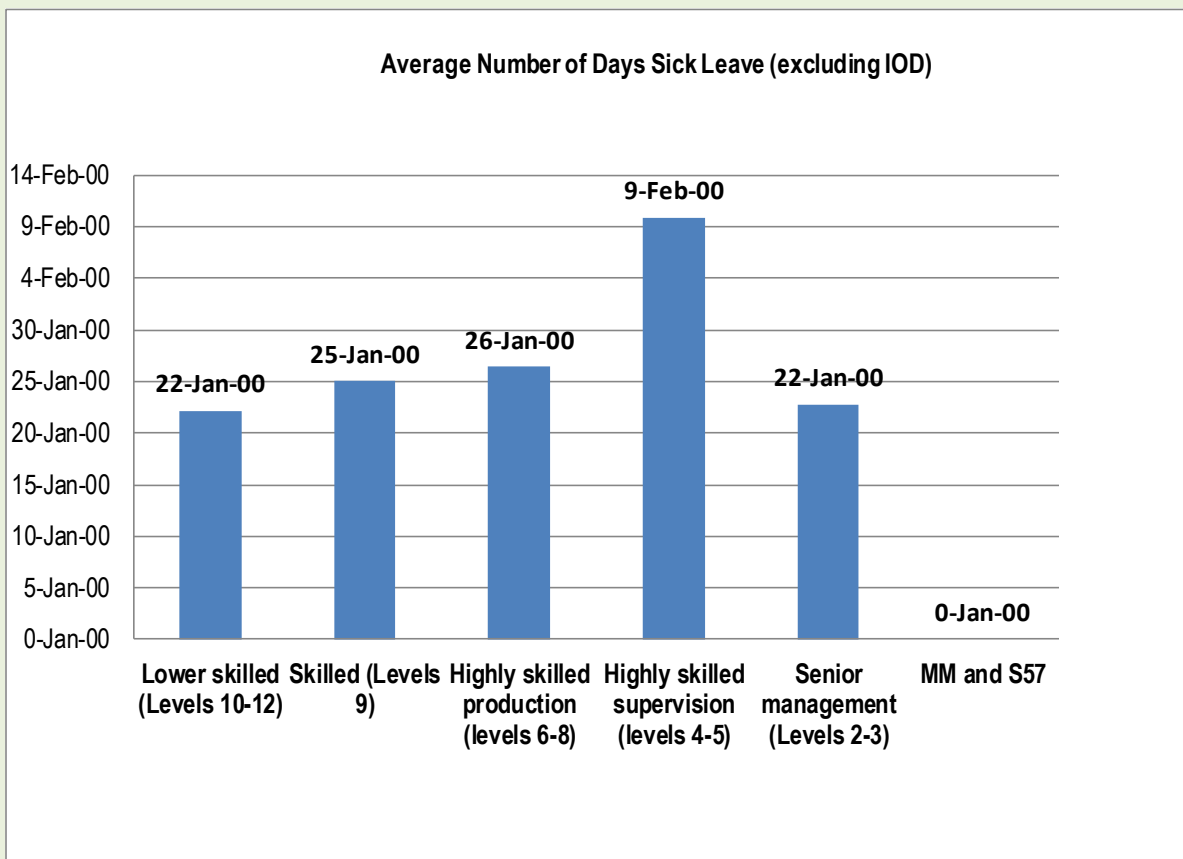
## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	60	5	8%	12	60
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
<b>Total</b>	<b>60</b>	<b>5</b>	<b>8%</b>	<b>12</b>	<b>60</b>

T 4.3.1



# Chapter 4



COMMENT ON INJURY AND SICK LEAVE:

It is noted with concern that applications for sick leave is more predominant in highly skilled to senior management; which hamper smooth running of the municipality.

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
N/A	N/A	N/A	N/A

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## 4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 10-12)	Female	0	0	0	0%
	Male	0	0	0	0%
Skilled (Levels 9)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled production (levels 8)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled supervision (levels 4-6)	Female	0	0	0	0%
	Male	0	0	0	0%
Senior management (Levels 2-3)	Female	0	0	0	0%
	Male	0	0	0	0%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
Total					

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Like any other municipality currently in the country, there are no sufficient funds to capacitate employees that need personal development. This has to a large extent been compounded by a lack of a comprehensive, holistic and integrated framework for human capital development that will guide and integrate key processes such as training needs analysis, career pathing and planning, succession planning, management and leadership development, knowledge exchange and innovation. However, the municipality provided financial assistance (bursary) to employees who needed to further their education; mostly in line with their Personal Development Plans.

During the year under review Council approved several policies. The municipality also complied with the Skills Development Act requirement of submitting to the Local government SETA (LGSETA) the Workplace Skills Plan (WSP) on the due date on the 30th April 2020.

### SKILLS DEVELOPMENT AND TRAINING

The smartest people are those who adopt a positive attitude toward life-long learning; those who realize that there is always a lot to learn, and those who spend their time accumulating knowledge to improve their skills development process.

# Chapter 4

Learning is, then, a life-long process; there is never a point at which one can say that he or she has learnt everything, or know enough. Irrespective of positions employees hold, all need some skills to improve careers and personal life.

South Africa enacted the Skills Development Act in 1998; and it was hoped that it would help address the skills shortage the country as a whole was and is currently facing. This increased investment in skills development was intended to translate into greater returns on investment for employers, while simultaneously generating a more competent workforce with improved future employment prospects.

Through providing access to further training and education in a controlled environment, the Skills Development Act sought to empower employees while enticing employers to participate with promises of increased profit. The Skills Development Act of 1998, and Skills Development Levy Act of 1999, set the bar for focussed skills development programs, and the Sector Education and Training Authorities (SETAs) were implemented to monitor skills development efforts and ensure that energies spent were in line with the overall Sector Skills Plans.

As a municipality, we pride ourselves with much focussed skills development for our employees and unemployed community members, especially youth. The municipality has, for several years now, complied with the dates for submission of submission dates for skill Development Plans. These plans have subsequently earned the municipality approval for various LGSETA interventions. For the year under review, the municipality got approval for LGSETA Interventions for our employees; and subsequently have paid for those employees who sought financial assistance to further their studies. Below is the table that enunciates training programmes paid for by the municipality

# Chapter 4

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female		5	0	0	0	0	0	0	0	1	0	0	1
	Male		5	0	0	0	0	0	0	1	2	0	1	2
Councillors, senior officials and managers	Female		2	0	0	0	0	0	0	3	3	0	3	3
	Male		3	0	0	0	0	0	0	4	4	0	4	4
Technicians and associate professionals*	Female		4	0	0	0	0	0	0	2	2	0	2	2
	Male		8	0	0	0	0	0	0	8	9	0	8	9
Professionals	Female		8	0	0	0	0	0	0	6	6	0	6	6
	Male		6	0	0	0	0	0	0	2	2	0	2	2
Sub total	Female		19	0	0	0	0	0	0	11	12	0	11	12
	Male		22	0	0	0	0	0	0	15	17	0	15	17
Total		0	82	0	0	0	0	0	0	52	58	0	52	58

\*Registered with professional Associate Body e.g. CA (SA) T 4.5.1

# Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	7	0	7	4		4
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	2	0	2	2	0	2
<i>Any other financial officials</i>	1	0	1	1	0	1
Supply Chain Management Officials	4	0	4	4	0	4
<i>Heads of supply chain management units</i>	1	0	1	1	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>5</b>

\* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations June 2007)

T 4.5.2

# Chapter 4

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1	0	0	0	0	0	0	3000	0
	Male	3	0	0	0	0	0	58000	12000	58000
Legislators, senior officials and managers	Female	41	0	0	0	0	0	58000	10701	58000
	Male	74	0	0	0	0	0	58000	19314	58000
Professionals and associate professionals	Female	24	0	0	0	0	0	0	15051	0
	Male	20	0		0	0	0	0	9987	0
Technicians	Female	48	0	0	0	0	0	0	15051	0
	Male	41	20000	0	0	0	0	27229	9987	27229
Clerks	Female	139	180000	0	0	0	0	18945	9987	18945
	Male	79	20000	0	0	0	0	30433	15051	30433
Service and sales workers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Elementary occupations	Female	66	0	0	0	0	0	0	99858	0
	Male	53	0	0	0	0	0	0	80189	0
Sub total	Female	309	180000	0	0	0	0	76945	0	76945
	Male	260	40000	0	0	0	0	173662	0	173662
<b>Total</b>		<b>559</b>	<b>220000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250607</b>	<b>300000</b>	<b>250607</b>
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R

T4.5.3

# Chapter 3

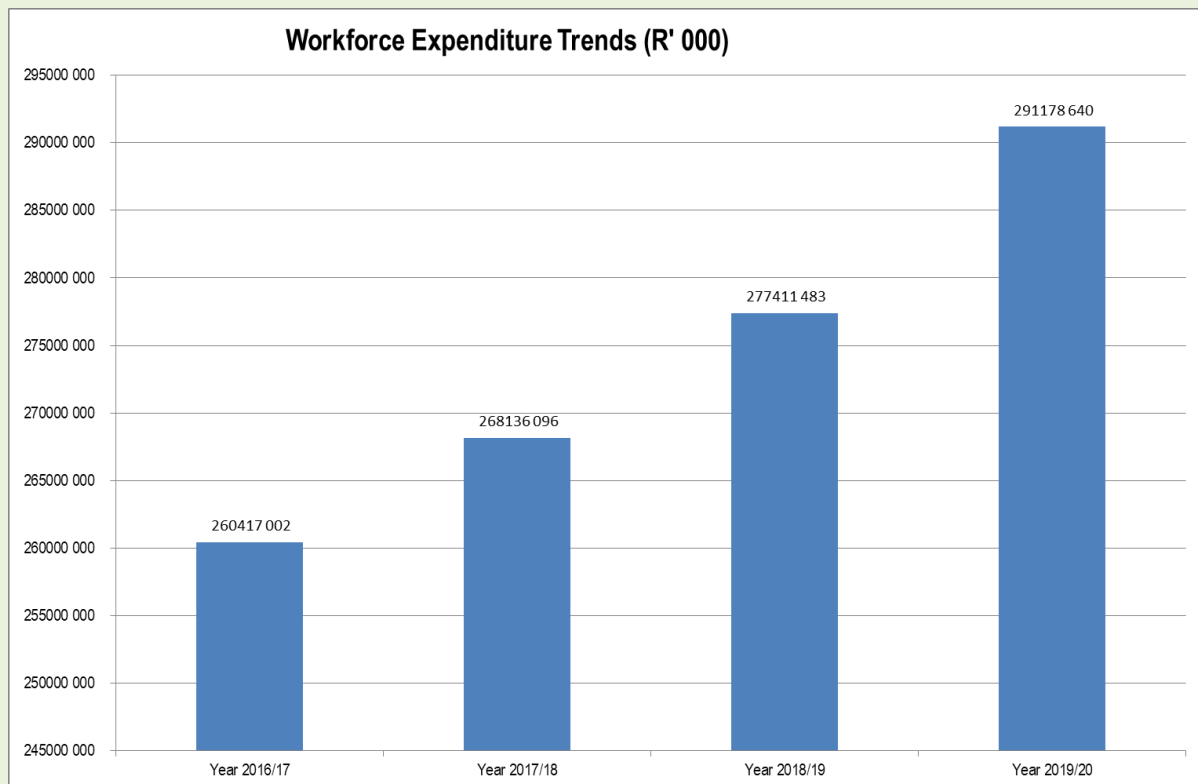
## COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Although received late, there is progress made with regards to training of youth and other individuals regarding LGSETA funds.

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

#### 4.6 EMPLOYEE EXPENDITURE



### COMMENT ON WORKFORCE EXPENDITURE:

Normal increase as per bargaining council was implemented for the 2019/20 financial year. An additional increase in leave provision had to be made as a result of the Covid-19 pandemic where leave days were not utilized during the period



# Chapter 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	0

# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

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

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included at Appendix K.

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### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

# Chapter 5

Financial Summary							R' 000
Description	Year -1	Current: Year 0		Year 0 Variance			
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
<b>Financial Performance</b>							
Property rates					%	%	
Service charges					%	%	
Investment revenue	2 944	1 995	2 615	3 307	65.77%	26.46%	
Transfers recognised - operational	277 892	304 541	286 660	284 388	-6.62%	-0.79%	
Other own revenue	90 637	99 235	102 189	78 644	-20.75%	-23.04%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>371 473</b>	<b>405 771</b>	<b>391 464</b>	<b>366 339</b>	<b>-9.72%</b>	<b>-6.42%</b>	
Employee costs	264 064	276 025	273 798	277 981	0.71%	1.53%	
Remuneration of councillors	13 348	13 980	13 713	13 198	-5.59%	-3.76%	
Depreciation & asset impairment	15 715	11 620	11 272	15 562	33.93%	38.06%	
Finance charges	-	-	-	-	%	%	
Materials and bulk purchases					%	%	
Transfers and grants	9 462	9 942	9 048	8 366	-15.85%	-7.54%	
Other expenditure	108 688	117 456	93 378	96 959	-17.45%	3.83%	
<b>Total Expenditure</b>	<b>411 275</b>	<b>429 022</b>	<b>401 210</b>	<b>412 067</b>	<b>-3.95%</b>	<b>2.71%</b>	
<b>Surplus/(Deficit)</b>	<b>(39 802)</b>	<b>(23 251)</b>	<b>(9 747)</b>	<b>(45 728)</b>	<b>96.67%</b>	<b>369.17%</b>	
Transfers recognised - capital					%	%	
Contributions recognised - capital & contributed assets					%	%	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(39 802)</b>	<b>(23 251)</b>	<b>(9 747)</b>	<b>(45 728)</b>	<b>96.67%</b>	<b>369.17%</b>	
Share of surplus/ (deficit) of associate					%	%	
<b>Surplus/(Deficit) for the year</b>	<b>(39 802)</b>	<b>(23 251)</b>	<b>(9 747)</b>	<b>(45 728)</b>	<b>96.67%</b>	<b>369.17%</b>	
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>							
Transfers recognised - capital	-	-	39	39	%	%	
Public contributions & donations					%	%	
Borrowing					%	%	
Internally generated funds	3 530	1 750	2 244	621	-64.49%	-72.30%	
<b>Total sources of capital funds</b>	<b>3 530</b>	<b>1 750</b>	<b>2 283</b>	<b>660</b>	<b>-62.26%</b>	<b>-71.07%</b>	
<b>Financial position</b>							
Total current assets	81 371	29 520	78 076	21 041	-28.72%	-73.05%	
Total non current assets	112 827	134 952	184 041	118 064	-12.51%	-35.85%	
Total current liabilities	(249 796)	(148 813)	(167 236)	(219 390)	47.43%	31.19%	
Total non current liabilities	-	-	-	-	%	%	
Community wealth/Equity	(55 598)	15 659	94 881	(80 285)	-612.72%	-184.62%	
<b>Cash flows</b>							
Net cash from (used) operating	8 140	5 848	7 645	(4 761)	-181.41%	-162.28%	
Net cash from (used) investing	(3 464)	(1 610)	(2 143)	(612)	-61.96%	-71.42%	
Net cash from (used) financing	-	-	-	-			
<b>Cash/cash equivalents at the year end</b>	<b>21 504</b>	<b>27 045</b>	<b>27 006</b>	<b>16 131</b>	<b>-40.36%</b>	<b>-40.27%</b>	
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	21 504	27 045	27 006	16 131	-40.36%	-40.27%	
Application of cash and investments	168 425	119 293	89 160	198 349	%	%	
<b>Balance - surplus (shortfall)</b>	<b>(146 920)</b>	<b>(92 248)</b>	<b>(62 153)</b>	<b>(182 219)</b>	<b>97.53%</b>	<b>193.18%</b>	
<b>Asset management</b>							
Asset register summary (WDV)	112 827	134 952	184 041	112 827	-16.39%	-38.69%	
Depreciation & asset impairment	15 715	11 620	11 272	15 562	33.93%	38.06%	
Renewal of Existing Assets	-	-	-	-	%	%	
Repairs and Maintenance	7 337	10 296	9 960	7 337	-28.74%	-26.34%	
<b>Free services</b>							
Cost of Free Basic Services provided	-	-	-	-	%	%	
Revenue cost of free services provided	-	-	-	-	%	%	
<b>Households below minimum service level</b>							
Water:	-	-	-	-	%	%	
Sanitation/sewerage:	-	-	-	-	%	%	
Energy:	-	-	-	-	%	%	
Refuse:	-	-	-	-	%	%	

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

# Chapter 5

Financial Performance of Operational Services							R '000
Description	Year -1	Year 0		Year 0 Variance			
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
<b>Operating Cost</b>							
Water					#DIV/0!	#DIV/0!	
Waste Water (Sanitation)					#DIV/0!	#DIV/0!	
Electricity					#DIV/0!	#DIV/0!	
Waste Management					#DIV/0!	#DIV/0!	
Housing	1 447	1 530	1 528	1 525	-0.36%	-0.21%	
Component A: sub-total	1 447	1 530	1 528	1 525	-0.36%	-0.21%	
Waste Water (Stormwater Drainage)					#DIV/0!	#DIV/0!	
Roads					#DIV/0!	#DIV/0!	
Transport	(4 329)	(9 700)	(13 952)	10 527	192.14%	232.54%	
Component B: sub-total	(4 329)	(9 700)	(13 952)	10 527	192.14%	232.54%	
Planning					#DIV/0!	#DIV/0!	
Local Economic Development					#DIV/0!	#DIV/0!	
Component B: sub-total	-	-	-	-	#DIV/0!	#DIV/0!	
Planning (Strategic & Regulatory)	23 513	26 274	25 757	24 854	-5.71%	-3.63%	
Local Economic Development	-	-	-	-	#DIV/0!	#DIV/0!	
Component C: sub-total	23 513	26 274	25 757	24 854	-5.71%	-3.63%	
Community & Social Services	51 228	26 398	28 510	30 420	13.22%	6.28%	
Environmental Protection	3 463	3 592	4 430	4 407	18.49%	-0.51%	
Health					#DIV/0!	#DIV/0!	
Security and Safety	10 501	5 551	4 963	7 839	29.19%	36.69%	
Sport and Recreation					#DIV/0!	#DIV/0!	
Corporate Policy Offices and Other	(37 189)	(30 394)	(41 489)	(33 842)	10.19%	-22.60%	
Component D: sub-total	28 003	5 147	(3 587)	8 824	41.67%	140.65%	
<b>Total net Expenditure</b>	<b>48 634</b>	<b>23 251</b>	<b>9 747</b>	<b>45 728</b>	<b>49.15%</b>	<b>78.69%</b>	
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2	

## COMMENT ON FINANCIAL PERFORMANCE

See note 42 within the financial statements for detail on variances above 10%. It must however be mentioned that useful lives of movable assets was adjusted which resulted in an increase in depreciation charges for the 2018/19 and 2019/20 financial years.

# Chapter 5

## 5.2 GRANTS

Grant Performance							R' 000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>260 141</b>	<b>269 626</b>	<b>269 626</b>	<b>269 609</b>	-0.01%	-0.01%	
Equitable share							
Municipal Systems Improvement	-	-	-	-	#DIV/0!	#DIV/0!	
Department of Water Affairs							
Levy replacement	258 891	268 626	268 626	268 626	0.00%	0.00%	
Other transfers/grants NDPG							
Other transfers/grants FMG	1 250	1 000	1 000	983	-1.70%	-1.70%	
<b>Provincial Government:</b>	<b>17 751</b>	<b>30 940</b>	<b>15 940</b>	<b>14 778</b>			
Health subsidy							
Housing							
Ambulance subsidy							
Sports and Recreation							
MSP							
EPWP grant	1 000	1 173	1 173	1 173	0.00%	0.00%	
LED grant							
Other transfers / Grants	8 463	21 973	6 973	5 811	-278.11%	-19.99%	
HIV & AIDS grant	8 288	7 794	7 794	7 794	0.00%	0.00%	
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<i>[insert description]</i>							
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<i>[insert description]</i>							
<b>Total Operating Transfers and Grants</b>	<b>277 892</b>	<b>300 566</b>	<b>285 566</b>	<b>284 388</b>			
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1	

### COMMENT ON OPERATING TRANSFERS AND GRANTS

Roll over application was done for the rural roads asset management grant as well as the Boipatong memorial grant due to the Covid-19 pandemic where projects could not be finalized

# Chapter 5

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Private Sector / Organisations</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

Note: Refer to Note 1.5 and 1.6 of the Annual Financial Statements for further details on asset management accounting policy, as well as notes 2 to 5 on the reconciliation of non-current assets.

The municipality is not involved in infrastructure assets projects and the bulk of the asset register is comprised of movable assets. Assets are capitalized once procured and will be depreciated over the expected life span of the asset as per the accounting policy and asset management policy. Useful lives has been adjusted during the financial year of assets fully depreciated.

# Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
<b>Asset 1</b>				
Name	Fibre optic-External network			
Description	Optic Fibre network for the district for Information Technology			
Asset Type	Computer Hardware (Own Assets)			
Key Staff Involved	Information Management Department			
Staff Responsibilities				
Asset Value	2016/17	2017/18	2018/19	2019/20
	1 081 757	0	0	0
Capital Implications				
Future Purpose of Asset	IT Communication			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management- , IT policies			
<b>Asset 2</b>				
Name	Internal Networks			
Description	Cabelling of Council buildings to link IT network with different servers and hubs.			
Asset Type	Computer Hardware (Own Assets)			
Key Staff Involved	Information Management Department			
Staff Responsibilities				
Asset Value	2016/17	2017/18	2018/19	2019/20
	490 493	666 624	524 329	23 780
Capital Implications				
Future Purpose of Asset	IT Communication			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management- , IT policies			
<b>Asset 3</b>				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
				T 5.3.2

## COMMENT ON ASSET MANAGEMENT:

Note: Refer to Note 2 of the Annual Financial Statements for greater detail.

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	6 481	6 539	5 785	12%
				T 5.3.4

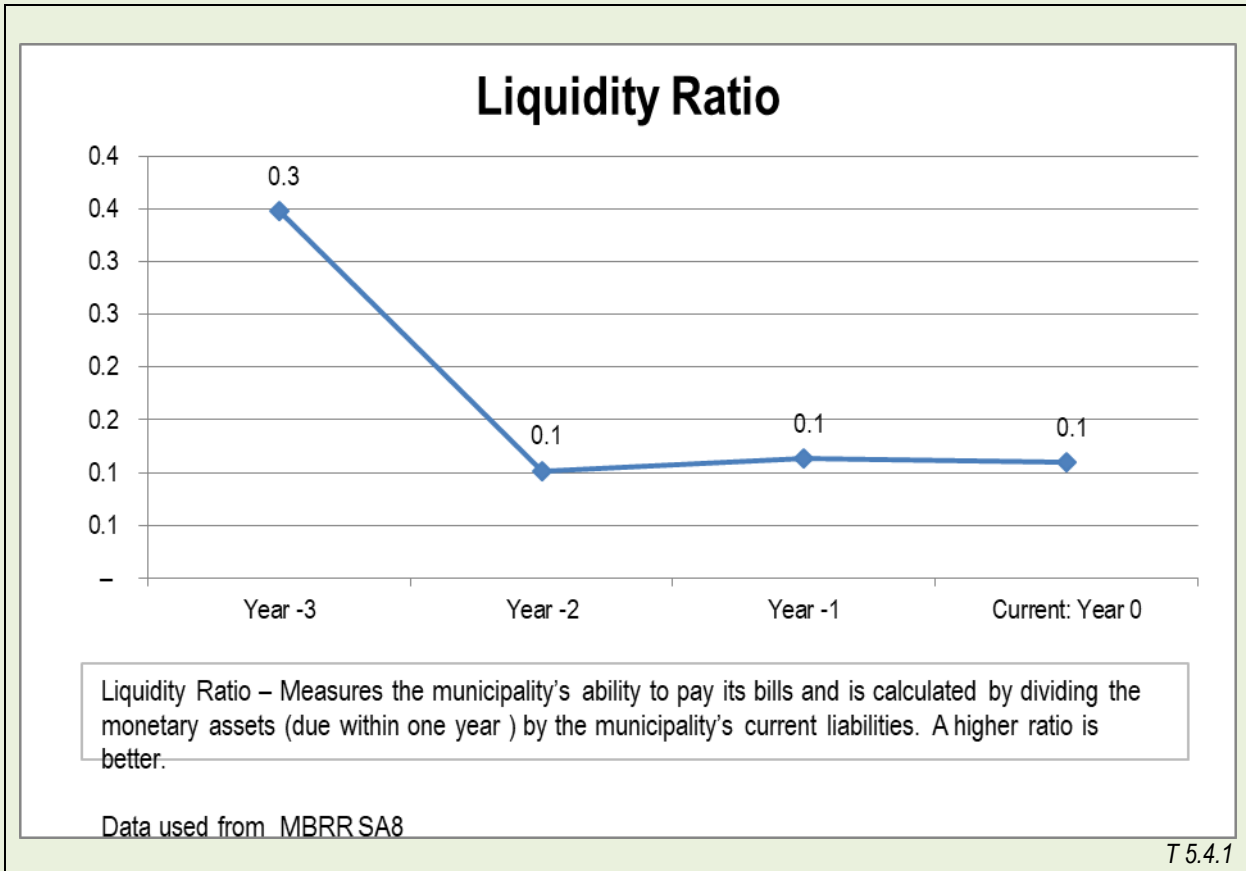


# Chapter 5

## COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

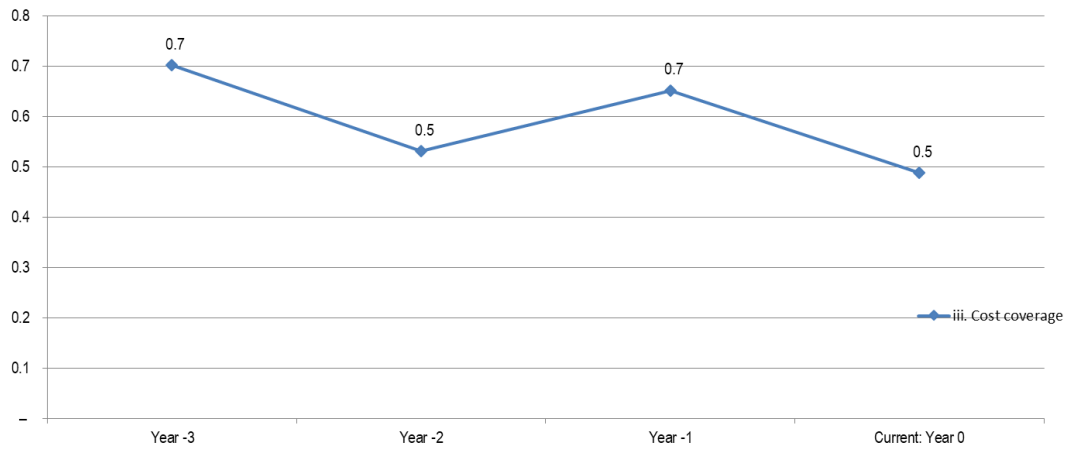
Due to financial constraints, the municipality was not in a position to budget at the 8% benchmark for repairs & maintenance as prescribed by Treasury Norms and Standards

### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



# Chapter 5

## Cost Coverage

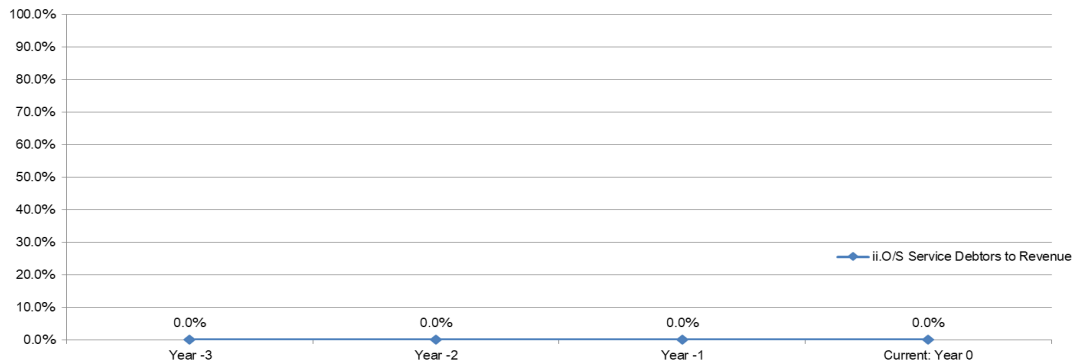


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

## Total Outstanding Service Debtors



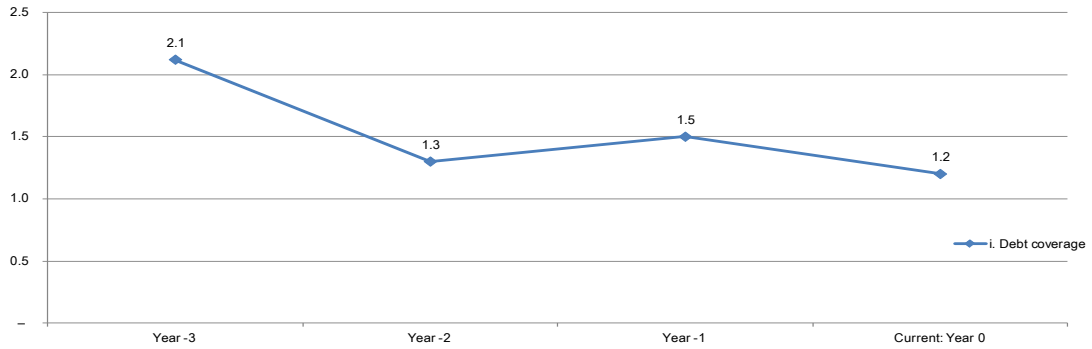
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

T 5.4.3

# Chapter 5

## Debt Coverage

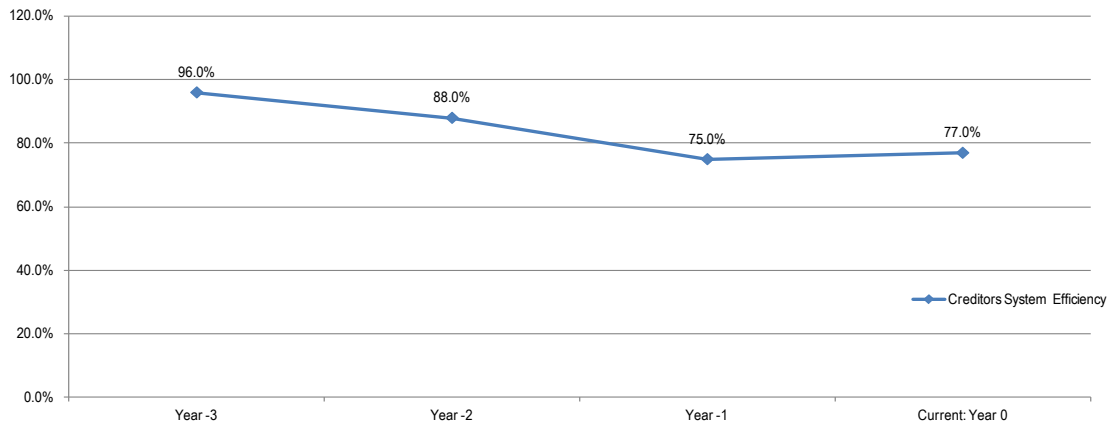


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

## Creditors System Efficiency

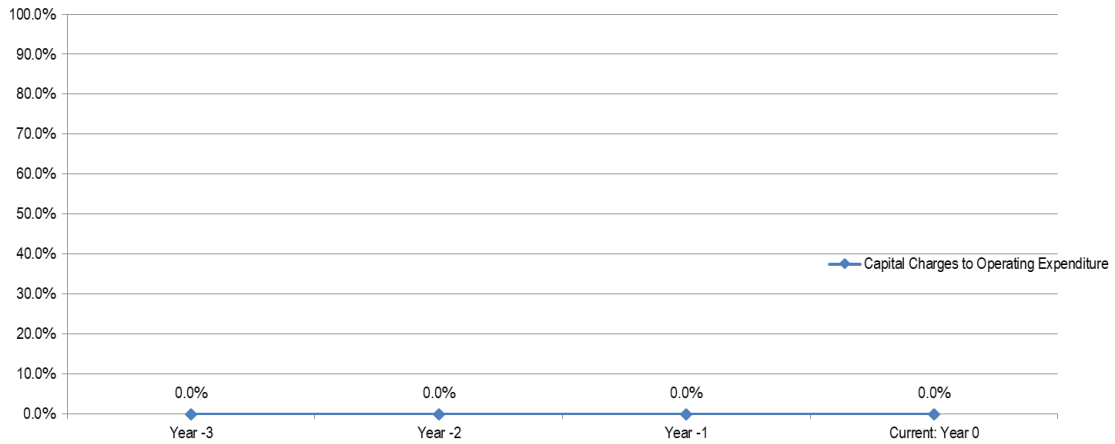


Creditor System Efficiency– The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

# Chapter 5

## Capital Charges to Operating Expenditure

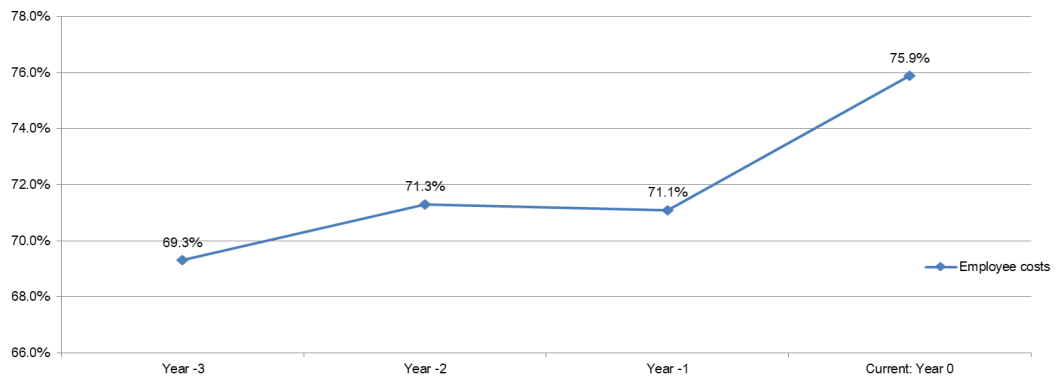


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T  
5.4.6

## Employee Costs

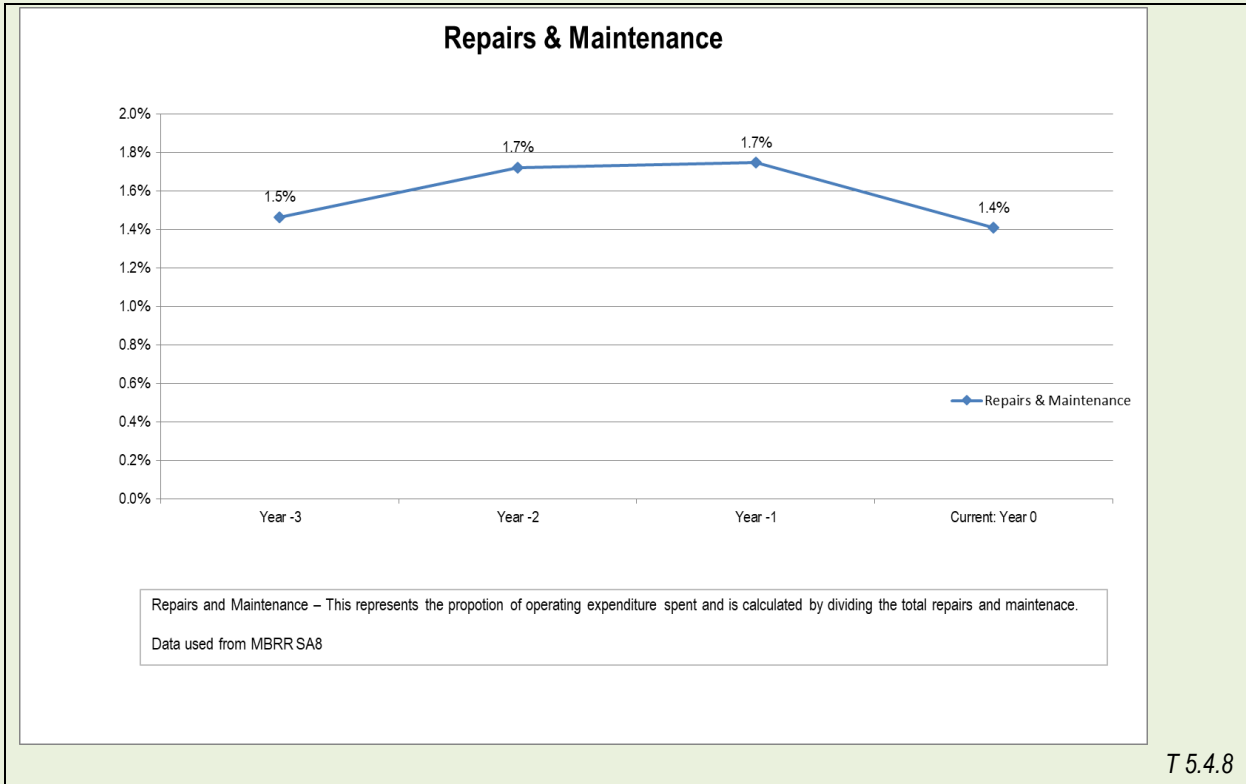


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

# Chapter 5



## COMMENT ON FINANCIAL RATIOS:

MFMA Circular 71 issued 17 January 2014 prescribes the framework for a holistic financial analysis of the municipality of all financial aspects of the institution that should be considered. Ratios are divided into various categories to address the different financial aspects and operations of a municipality or municipal entity.

- Financial Position
- Financial Performance
- Budget Implementation

The application of financial ratio analysis enables and informs our public office bearers and stakeholders decision making with regards to:

- Ability to meet long-term commitments;
- Ability to meet short-term commitments from liquid resources;
- Determine whether investments are yielding acceptable returns;
- Reduce risks arising from below average performance; and
- Make recommendations to address challenges

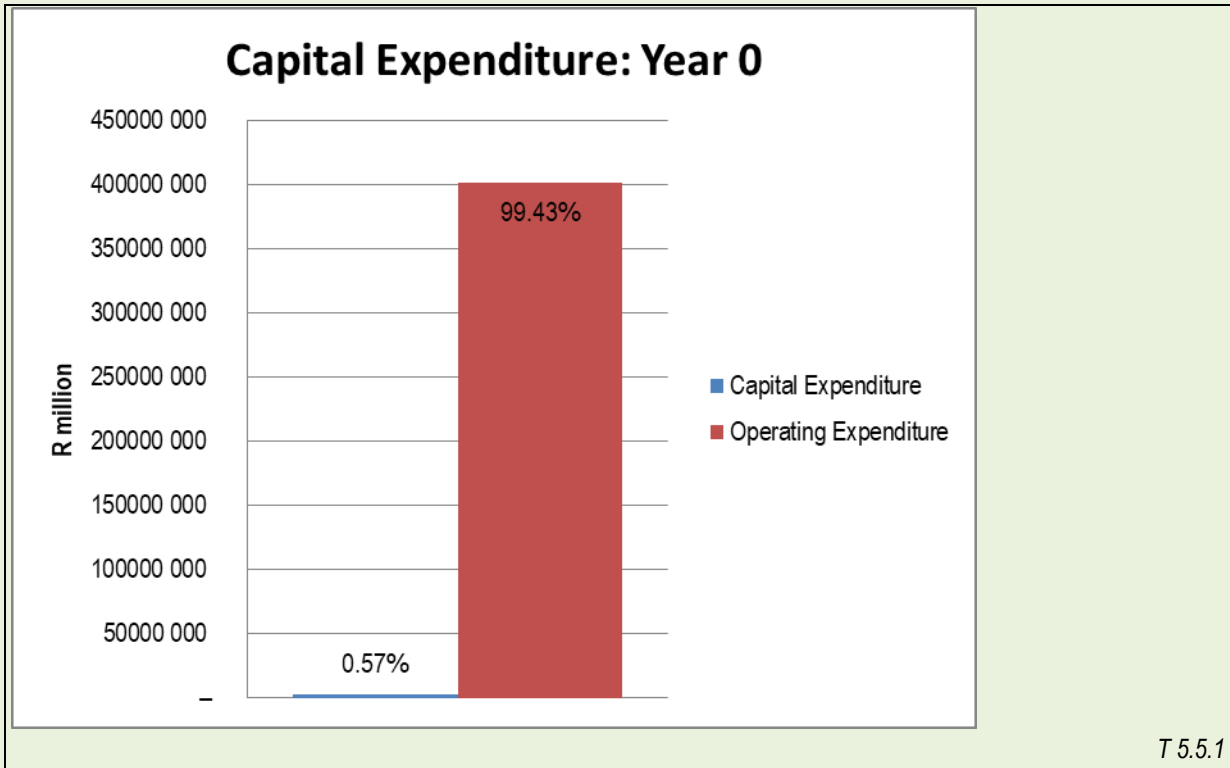
## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

# Chapter 5

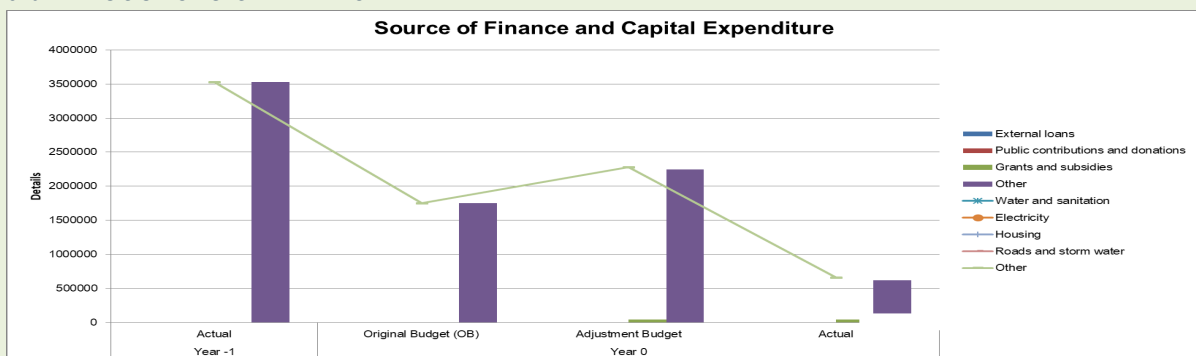
## INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The municipality does not have any bulk infrastructure grant funding and all capital expenditure was budgeted from internal funds. Due to financial constraints, the municipality could not afford to provision for major capital works.

### 5.5 CAPITAL EXPENDITURE



### 5.6 SOURCES OF FINANCE



# Chapter 5

Capital Expenditure - Funding Sources: Year -1 to Year 0							R' 000
Details	Year -1	Year 0					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
External loans							
Public contributions and donations							
Grants and subsidies			39	39			
Other	3 530	1 750	2 244	621	28.22%	-64.49%	
<b>Total</b>	<b>3 529 932</b>	<b>1 750 000</b>	<b>2 282 713</b>	<b>660 410</b>	<b>28.22%</b>	<b>-64.49%</b>	
<i>Percentage of finance</i>							
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grants and subsidies	0.0%	0.0%	1.7%	5.9%	0.0%	0.0%	
Other	100.0%	100.0%	98.3%	94.1%	100.0%	100.0%	
<b>Capital expenditure</b>							
Water and sanitation							
Electricity							
Housing							
Roads and storm water							
Other	3 530	1 750	2 283	660	354.4%	-155.1%	
<b>Total</b>	<b>3529932</b>	<b>1750000</b>	<b>2282713</b>	<b>660410</b>	<b>354.42%</b>	<b>-155.07%</b>	
<i>Percentage of expenditure</i>							
Water and sanitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Electricity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Roads and storm water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
<i>T 5.6.1</i>							

## COMMENT ON SOURCES OF FUNDING:

The municipality was not a recipient of capital projects grant funding and the three capital projects were funded internally

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS



# Chapter 5

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	A - Computer Equipment	800 000	373 738	301 102	62%
B - Internal Network	700 000	178 530	23 780	97%	74%
D - Furniture & equipment	250 000	241 495	218 350	13%	3%
D - Name of Project					
E - Name of Project					
* Projects with the highest capital expenditure in Year 0					
<b>Name of Project - A</b>					
Objective of Project	External Networking				
Delays					
Future Challenges	none				
Anticipated citizen benefits	IT Communication				
<b>Name of Project - B</b>					
Objective of Project	Internal IT Networking				
Delays					
Future Challenges	none				
Anticipated citizen benefits	Internal IT connectivity				
<b>Name of Project - C</b>					
Objective of Project	Furniture & Equipment				
Delays					
Future Challenges	Furniture not in a good state				
Anticipated citizen benefits					
<b>Name of Project - D</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - E</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
T 5.7.1					

## COMMENT ON CAPITAL PROJECTS:

No major capital projects occur as they will be done at local municipality level.

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

# Chapter 5

Service Backlogs as at 30 June Year 0				
				Households (HHs)
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%

*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to \* formal and \*\* informal settlements.*

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<b>Infrastructure - Road transport</b>				%	%	
Roads, Pavements & Bridges				%	%	
Storm water				%	%	
<b>Infrastructure - Electricity</b>				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
<b>Infrastructure - Water</b>				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
<b>Infrastructure - Sanitation</b>				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
<b>Infrastructure - Other</b>				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
<b>Other Specify:</b>				%	%	
				%	%	
				%	%	
				%	%	
<b>Total</b>				%	%	

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

T 5.8.3

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Information about cash flows may be useful to users of the municipality's financial statements in assessing Council's cash flows, assessing Council's compliance with legislation and regulations (including authorised budgets) and for making decisions about whether to provide resources to, or enter into transactions with Council. These users and stakeholders are generally interested in how Council generates and uses cash and cash equivalents. Municipalities need cash for operations related to service delivery. Municipalities use cash to pay for the goods and services they consume, to meet ongoing debt servicing costs, and, in some cases, to reduce levels of debt. According to the standards of GRAP all entities are required to present a cash flow statement.

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It must be noted that the municipality is heavily dependent on the equitable share as its main source of revenue and cash inflows are determined around the triennial disbursement cycle of the equitable share. The municipality closed with a cash balance of R16.1 million which shows an increase of cash of R5.3 million from the previous year. The municipality held no investments during the 19/20 year.

## 5.9 CASH FLOW

Cash Flow Outcomes				
Description	R'000			
	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	296 176	102 135	102 089	242 629
Government - operating	275 701	301 541	286 621	283 829
Government - capital				
Interest	2 944	1 995	2 615	3 307
Dividends				
<b>Payments</b>				
Suppliers and employees	(566 681)	(399 823)	(383 680)	(534 527)
Finance charges				
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>8 140</b>	<b>5 848</b>	<b>7 645</b>	<b>(4 761)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	66	140	140	48
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(3 530)	(1 750)	(2 283)	(660)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(3 464)</b>	<b>(1 610)</b>	<b>(2 143)</b>	<b>(612)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	-			-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>4 676</b>	<b>4 238</b>	<b>5 502</b>	<b>(5 373)</b>
Cash/cash equivalents at the year begin:	<b>16 828</b>	<b>22 807</b>	<b>21 504</b>	<b>21 504</b>
Cash/cash equivalents at the year end:	<b>21 504</b>	<b>27 045</b>	<b>27 006</b>	<b>16 131</b>
<i>Source: MBRR A7</i>				<i>15.9.7</i>

### COMMENT ON CASH FLOW OUTCOMES:

The municipality under collected against projections against rental of municipal facilities, agency services rendered on behalf of the Department of Transport, and Gains on disposal of assets. The municipality did not realize higher than anticipated collection on air quality license and permits. Grants and subsidies received were lower than projected due to withholding of

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unspent conditional grants. There was an unfavorable variance of R10.8 million between the budgeted and actual net cash flow

## 5.10 BORROWING AND INVESTMENTS

Not applicable as the municipality do not have ant borrowing or investments

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	0	0	0
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	0	0	0

T 5.10.2

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<b>Municipal and Entity Investments</b>			
Investment* type	Year -2	Year -1	R' 000
	Actual	Actual	Actual
<b><u>Municipality</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	0	0	0
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	0	0	0
			<i>T 5.10.4</i>

## 5.11 PUBLIC PRIVATE PARTNERSHIPS

Not applicable

## COMPONENT D: OTHER FINANCIAL MATTERS

## 5.12 SUPPLY CHAIN MANAGEMENT

## 5.13 GRAP COMPLIANCE

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### 6.1 AUDITOR GENERAL REPORT YEAR -1 (PREVIOUS YEAR)

AUDIT ACTION PLAN 2018/19 FINDINGS BY AUDITOR GENERAL			
MANAGEMENT COMMENTS AND CORRECTIVE MEASURES TO ADDRESS ISSUES RAISED IN THE REPORT OF THE AUDITOR GENERAL FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019			
#	Finding	Action to be taken to implement Corrective Measures	Status/ Revised Date
1	<p><b><u>Overstatement of receivables from exchange transactions balance</u></b>                      During the audit of receivables from exchange transactions, we noted that there was an amount recognised for agency services rendered to Emfuleni Local Municipality. The amount recognised has been outstanding for more than 120 days as per debtors age analysis submitted to the audit. Due to the known financial difficulty of Emfuleni Local Municipality and the fact that no payment has been received for services rendered for some time, the balance of receivables from Exchange transactions presented in the annual financial statements may be impaired.</p>	<p>The intercouncil indebtedness between Sedibeng and Emfuleni ought to be resolved prior to the end of the financial year but due to unforeseen circumstances an amicable agreement could not be reach. Therefore the adjustment will be made on the financial statements until such time that an agreement is reach to settle the debt between the two parties.</p>	Partially done
2	<p><b><u>Re-assessment of the assets residual value and useful life not in line with the standard of GRAP</u></b>                      The following capital assets in the fixed asset register which are still in use by the municipality, but were kept at R0, R1 and R100 on the fixed asset register:-                      1) Property plant and equipment <b>R9 421 091</b>                      2) Depreciation expense <b>R4 205 532</b>                      '3) Restatement of retained earnings (increase) - <b>R9 909 852</b>                      This is indicative of incorrect reassessment of residual values and useful life at reporting date by management as required by the standard of GRAP.</p>	<p>Agree, The assets below the threshold of R5000 was captured in previous years as an asset and then depreciated in full as they are merely kept in the asset register for purposes of accountability whereby these assets can form part of the inventory list during verification (bar code tracking).                      '- The carry amount of assets will be re-evaluated in future and the necessary adjustments made accordingly. The assets within the District is not of significant nature as we do not perform and bulk services.                      '- Also taken into consideration the age of the assets and the current financial situation reassessment of assets cannot be performed annually.</p>	Complete
3	<p><b><u>Pervasive material misstatement identified on annual financial statement relating to revenue</u></b>                      The management recognised agency fees for ICT services rendered to Emfuleni Municipality amounting to R37 258 692 as revenue. This amount does not qualify to be recognised as revenue as uncertainty exist regarding collectability of this revenue from Emfuleni municipality.</p>	<p>The corrections as indicated above link to Communication of finding 2.1 and the corrections will be made accordingly. The intercouncil indebtedness between Sedibeng and Emfuleni ought to be resolved prior to the end of the financial year but due to unforeseen circumstances an amicable agreement could not be reach. Therefore the adjustment will be made on the financial statements until such time that an agreement is reach to settle the debt between the two parties.                      Agree, Provincial Treasury will also be requested to assist if needed in order to resolve the Intercouncil debt</p>	Complete

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4	<p><b><u>Commitment disclosure note is not complete</u></b>          The following active 13 contracts of service providers have not been disclosed in the annual financial statements. As a result, commitment disclosure note in the annual financial statement is incomplete. This result in non-compliance with section 122 (1) of Municipal Finance Management Act. Consequently, commitment disclosure note is not complete and has been understated by R6 678 509.</p>	<p>The municipality has applied the following definition: "Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the Financial Statements, if both the following criteria are met:</p> <ul style="list-style-type: none"> <li>• Contracts should be non-cancellable or only cancellable at significant cost [for example, contracts for computer or building maintenance services]</li> <li>• Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded" After deliberations management accept the finding and the adjustment will be made to the commitment note accordingly The adjustment will be made to the commitment note accordingly</li> </ul>	Complete
5	<p><b><u>Non-compliance with section 62 (1) (d) of the municipal finance management act</u></b>          Material non-compliance with section 62 (1) (d) of the municipal finance management act has been identified. Accounting officer did not take effective steps to prevent unauthorized expenditure as the municipality over spent on the budget allocated in the current year and prior year. Total overspending amounts to R42 386 118 and should be disclosed in the annual financial statement as unauthorized expenditure.</p>	Management agrees with the finding	Complete
6	<p><b><u>Non-compliance with section 64 (2) of MFMA</u></b>          Interest was not charged on overdue accounts as required by section 64 (2) (g) of the Municipal Finance Management Act. Consequently, receivables from exchange transactions and revenue from exchange transactions could be misstated with interest portion on long overdue accounts. Impact thereof could not be quantified. Therefore, this results in non-compliance with section 64 (2) (g) of MFMA.</p>	Agree, The tariff was not included in the 18/19 financial year but subsequently corrected in the 1920 financial year by means of including an interest charge in the tariff document as approved by Council in May 2019. The matter was corrected at the end of the financial year for transacting in the 201920 financial year	Complete
7	<p><b><u>Reasonable steps not taken to prevent unauthorized and irregular expenditure</u></b>          Reasonable steps were taken by the accounting officer to prevent unauthorised and irregular expenditure in the current year under review as required by section 62 (1) (d) of Municipal Finance Management Act.          -Contract Management</p>	<p>Management partially agree with the finding. Management do not agree with item 9 on the contracts as listed above.</p> <ol style="list-style-type: none"> <li>1) Accounting officer will ensure that relevant officials of the municipality are adequately trained and made aware of all the applicable laws and regulations that need to be complied with.</li> <li>2) Compliance checklists will be designed by management and monitored and reviewed for compliance thereof</li> <li>3) The accounting officer will implement consequence management for officials who have contravened the laws and regulations.</li> <li>4) The disclosure shall be made on the irregular expenditure note</li> </ol>	Complete

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8	<p><b><u>No investigations performed relating to prior year unauthorized expenditure</u></b></p> <p>During the audit of consequence management, no evidence was provided that management took reasonable steps to investigate unauthorized expenditure identified in the prior year in order to effectively assess if section 32 (a) of MFMA is applicable in order to have effective consequence management with the municipality and liable officials are held liable as required by the prescripts of MFMA. Consequently, this results in non-compliance with section 32 (a) of Municipal Finance Management Act.</p>	<p>Management partially agree with the finding as MPAC have conducted preliminary investigations under MFMA 32 (2) and presented their recommendations to Council.</p> <p>2) Accounting officer will ensure that relevant officials of the municipality are adequately trained and made aware of all the applicable laws and regulations that need to be complied with.</p> <p>3) Compliance checklists will be designed by management and monitored and reviewed for compliance thereof</p> <p>4) The accounting officer will implement consequence management for officials who have contravened the laws and regulations</p>	Complete
9	<p><b><u>Non-compliance with sections 26 (a), (c), (i) and (h) of the Municipal Systems Act</u></b></p> <p>During the audit of compliance relating to strategic planning and performance management it was noted that the performance management system and related controls were inadequate as it did not describe how the performance planning monitoring, measurement, review, reporting and improvement processes should be managed, as required by municipal planning and performance management regulations 7(1). This is evidence by repetitive findings on usefulness and reliability testing identified during the current year under review.</p>	<p>1) Management does not agree with the finding relating to the KPIs. Chapter 7 of the Integrated Development Plan sets out the municipal KPIs and the annual targets.</p> <p>2) Management acknowledges the deficiencies in internal controls and will put necessary measures to ensure prevention, detection and mitigations of PMS deficiencies</p> <p>3) Management acknowledges the gaps identified in the Performance Management System</p>	Complete
10	<p><b><u>Discrepancies identified on fleet management of the municipality</u></b></p> <p>During the audit of fleet management, the following discrepancies have been identified:</p> <p>a) Information relating to a sample of motor vehicles was selected and information has been requested. However, the following information was not submitted for audit. Therefore, no further audit work could be performed. This raises a risk that municipal assets would be used for personal gain as the below information could not be provided to the auditors for the sample of ten (10) cars.</p> <p>(b) The accounting officer did not take responsibility of assets administered in the name of the municipality as required by section 63 (1) and (2) of the municipal management act.</p> <p>(c) Upon physical verification of assets, it was identified that some assets were used by municipal officials without valid trip authorisation or beyond the period granted for usage and some vehicles were broken. No evidence was provided that municipal officials reported damaged vehicles to the accounting officer as the custodian of the pool of vehicles administered under the name of the municipality within 48 hours as required by the fleet management policy. E.g. the following vehicles registration numbers were damaged.</p>	<p>Management agrees with the finding.</p> <p>1) We will implement the Fleet Management Policy and apply consequence management for non-compliance</p> <p>2) We will implement the Fleet Management Policy and apply consequence management for non-compliance</p>	Partially done
11	<p>Internal control deficiencies identified on contract management</p> <p>1) 15 of the contracts sampled, Management did not ensure that there's effective contract management and proper planning of procurement processes as a result management will revert to increased number of deviations not in line with regulation 36 and overspending on contracts.</p>	<p>Management must implement controls and measures surrounding the contract management and reviewing of supporting schedules before making payments to the suppliers to ensure that the municipality is in compliance with the MFMA and SCM Regulations.</p>	No



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12	<p><b><u>Non-compliance with regulation 36 of the municipal supply chain regulation</u></b></p> <p>(a) The following has been identified during testing of deviations reflected on the annual financial statements. This results in non-compliance with <b><u>regulation 36 of municipal supply chain regulation</u></b> and consequently constitutes irregular expenditure. Refer to the table below for details:</p> <p>1) 18 of the Bidders totaling an amount of <b>R 189, 580,89</b> where there were discrepancies with the bidding process;</p> <p>2) The following differences have been noted between amounts of deviations disclosed in the annual financial statement and supporting evidence provided for audit. This results in understatement in the amount of deviations disclosed in the annual financial statements. Refer to the table below for details: Table: Details of differences noted between amount of deviations disclosed in the AFS and supporting evidence provided for audit:-</p>	SCM will implement control measures to reduce these types of errors from recurring.	Complete
13	<p><b><u>Non-compliance with supply chain management process relating to appointment of a legal panel</u></b></p> <p>Bid documents for bidder G. Modise &amp; Attorneys (Pty) Ltd were submitted subsequent to the closing date (i.e. 08th of January 2019) of the bid advertisement relating to appointment of legal panel for the municipality. Refer to the details below:</p>	Management agrees with the finding.	Complete
14	<p><b><u>No evidence of procurement process followed for procurement of legal services</u></b></p> <p>Legal services were procured by management from Prince Mudau Attorneys to perform an investigation on behalf of the municipality and a payment of R1 710 358 was made to the supplier. It was further noted that the abovementioned service provider did not form part of the panel for legal services. Furthermore, no evidence exist that management went out on a competitive bidding process for the appointment of the abovementioned legal service provider as procurement of legal services was above R200 000. In addition, no evidence was obtained suggesting that management deviated from the normal procurement process and obtained approval to procure legal services from Prince Mudau Attorneys through requirements listed in regulation 36 of the supply chain regulation GNR.868 of 30 May 2005. This results in a non-compliance with the Municipal Supply Chain Management Regulation GNR.868 of 30 May 2005 par. 12 and 19. Payments made to Prince Mudau Attorneys amounting to R1 710 358.42 should be disclosed as irregular expenditure in the annual financial statements.</p>	Management agrees with the finding.	Complete
15	<p><b><u>Non-compliance with supply chain management process relating to award of written price quotations</u></b></p> <p>The following issues were identified through audit of competitive bids relating to the appointment of a panel of legal advisors. Refer the details below for various issues identified:</p> <p>1) 20 of the bidders whose information was missing or inadequate and as result forming the basis of disqualification of the bid.</p> <p>2) The Evaluation of these bid documents are not in line with the qualifying criteria's stated in the bid documents and serves as adequate evidence for basis of disqualifying these legal suppliers from the bidding process. This will result in material non-compliance with the following acts and regulations:</p> <ul style="list-style-type: none"> <li>· MFMA</li> <li>· Treasury Regulations</li> <li>· Municipal Supply Chain Regulation</li> <li>· The municipalities own SCM policy</li> </ul> <p>Consequently, any expense or payments made relating to the appointed legal panel will be considered irregular expenditure.</p>	Management agrees with the finding.	Complete

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16	<p><b><u>Non-compliance with supply chain management process relating to award of written price quotations</u></b></p> <p>Various non-compliance issues with the supply chain management regulations were identified through testing of written price quotations. Refer the details below for various issues identified: Evaluation of these bid documents are not in line with the qualifying criteria's stated in the bid documents and serves as adequate evidence for basis of disqualifying from the bidding process. This will result in material non-compliance with the Municipal Supply Chain Regulations quoted above. Consequently, the municipality must disclose irregular expenditure in the annual financial statements on all quotations amounting to R 1 882 992.00. Furthermore, overpayment on the written price quotations awarded was not been approved by the delegated official as required by the municipal supply chain management regulation 5. Total overpayment on written price quotations awarded amounting to R391 363 should be disclosed as irregular expenditure.</p>	Management acknowledges the internal control deficiency	Complete
17	<p><b><u>Performance indicator's not well defined as required by FMPPi – Finance Cluster</u></b></p> <p>The following key performance indicators under the finance cluster listed below are not well-defined due to the following:</p> <p>1) Indicators do not have a clear and unambiguous definition i.e. Indicators do not have a definition that has a clear meaning to the user, and that is easy to understand and use.</p>	<p>Management agrees with the finding. The Performance Indicators should define what management regard what the different categories mean in the indicators. These include Disability, women owned business, youth owned businesses, SMMEs and Cooperatives to ensure that the same understand is derived by all the users.</p> <p>2) The Performance Indicators will be updated to include the "Definitions: across all the Performance indicators across all the clusters.</p> <p>3) The Technical Indicator Descriptors will be incorporated with the assistance of Corporative Governance &amp; Traditional Affairs. (COGTA).</p>	Complete
18	<p><b><u>Performance indicator is not measurable as required by FMPPi – Finance Cluster</u></b></p> <p>The following performance indicators under the finance cluster listed below are not measurable. 4- Performance indicators not measurable in line with chapter 3.2 of FMPPi. The FMPPi requires that performance indicators should be time bound by having clear time period or deadline for delivery so that data can be collected consistently and is easy to understand and use.</p>	<p>Management will review and update the Performance Information Policies and SOP's to include the requirement that specified the measurability of the Indicator.</p> <p>3) The Technical Indicator Descriptors will be incorporate implemented once the process has been finalized the National CoGTA. Recommendation noted.</p> <p>4) These should be reviewed and approved by the Mayor</p> <p>5) Submitted to Council for noting</p>	Complete
19	<p><b><u>Performance indicator's not well defined as required by FMPPi – Strategic Planning and Economic Development Cluster</u></b></p> <p>The following key performance indicators under the Strategic Planning and Economic Development cluster listed below are not well-defined due to the following:</p> <ul style="list-style-type: none"> <li>· Indicators do not have a clear and unambiguous definition i.e. Indicators do not have a definition that has a clear meaning to the user, and that is easy to understand and use.</li> </ul>	Management acknowledges the findings	Complete

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20	<p><b><u>Performance indicator's not well defined as required by FMPPi – Corporate Services Cluster</u></b></p> <p>The following key performance indicators under the corporate services cluster listed below are not well-defined due to the following:</p> <ul style="list-style-type: none"> <li>· Indicators do not have a clear and unambiguous definition i.e. Indicators do not have a definition that has a clear meaning to the user, and that is easy to understand and use. Indicators does not clearly identify the basis from which these performance indicators will be tracked and reported on.</li> </ul>	Management agrees with the finding	Partially done
21	<p><b><u>Performance indicator is not time bound as required by FMPPi – Corporate Services Cluster</u></b></p> <p>The following performance indicator under the corporate services cluster is not time bound as required by chapter 3.2 of the FMPPi. See table below for details: Table: Performance indicators not time-bound in line with chapter 3.2 of FMPPi</p>	Management agrees with the finding	Partially done
22	<p><b><u>Performance indicator is not time bound as required by FMPPi – Corporate Services Cluster</u></b></p> <p>The following performance indicator under the corporate services cluster is not time bound as required by chapter 3.2 of the FMPPi. See table below for details:</p> <ul style="list-style-type: none"> <li>' - Percentage (%) of implementation of resolutions ICT Steering Committee: Performance indicator is not time bound as it does not clearly identify which steering committee meeting resolutions implemented are being tracked. Based on the annual performance report it is evident that quarterly ICT steering committee meetings will be held however it is not clear that management is tracking resolutions taken in</li> </ul>	Management agrees with the finding	Partially done
23	<p><b><u>Material misstatements identified in the annual performance report</u></b></p> <p>Differences have been noted between planned targets as per SDBIP and performance achievement on the APR as management did not include actual achievements in the annual performance report submitted for audit. Refer to tables below for details:</p> <ol style="list-style-type: none"> <li>1) All of the municipality's Custer- KPI"s were reported inadequately, where there differences noted on the community services cluster</li> </ol>	Management agrees with the finding	Complete
24	<p><b><u>Reported performance achievements were not accurate, valid and complete – Community Services Cluster</u></b></p> <p>During reliability testing of community cluster, the following discrepancies were identified which resulted in performance information not being valid, accurate and complete. Refer to the table below for details Table 1: Details of indicators not accurate, valid and complete</p>	Management Acknowledges the finding. This was due to postponement of 1 Programme to the 9th of July. Management therefore request an adjustment of the APR since the achievement overlapped to the next financial year. Management acknowledges the finding. Indeed, there was one unplanned programme conducted. Management therefore request an adjustment of the APR. To verify / reconcile Portfolio of evidence before adjustments on Monday 18/11/2019	Complete
25	<p><b><u>Reported performance achievements were not accurate, valid and complete – Strategic Planning and Economic Development Cluster</u></b></p> <p>During reliability testing of strategic planning and economic development cluster, the following discrepancies were identified which resulted in performance information not being valid, accurate and complete. Refer to the table below for details Table: Details of indicators not accurate, valid and complete:</p> <ul style="list-style-type: none"> <li>'; Number of reports on Housing and urban renewal programmes</li> <li>'- Number Expanded Public Works Program (EPWP) beneficiaries employed coordinated</li> </ul>	Management acknowledges Q4 finding due to lack of sufficient information in the report submitted Q2 Report indeed does not have all the necessary details however it is making reference to the annexure attached to the report for details. Reconciliation of EPWP Payroll and EPWP Employee contracts will be conducted and discrepancies will be investigated.	Complete

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26	<p><b><u>Reported performance achievements were not accurate, valid and complete – Corporate Services Cluster</u></b></p> <p>During reliability testing of corporate cluster, the following discrepancies were identified which resulted in performance information not being valid, accurate and complete. Refer to the table below for details Table: Details of indicators not accurate, valid and complete :- Number of General Maintenance and Repairs plans approved: '- Number of Non-PDP training programmes provided to employees'- Number of Senior and Middle management received CPMD training'- Number of Fleet Management plans approved</p>	<p>The council only notes the plan having been approved at an administrative level prior council. Management acknowledges the misalignment that may have led to this conclusion. Management will adjust the APR and submit the actual plan as required in the SDBIP. Management acknowledges the finding based on Q2 reporting However the target was reported "not achieved" for annual reporting. Management therefore requests a restatement. Management acknowledges the finding. The planned target was indeed achieved however the newly appointed CFO later joined the training. Management requests a restatement. The council only notes the plan having been approved at an administrative level prior council. Management acknowledges the misalignment that may have led to this conclusion. Management will adjust the APR and submit the actual plan as required in the SDBIP.</p>	Complete
27	<p><b><u>Reported performance achievements were not accurate, valid and complete – Strategic Planning and Economic Development Cluster</u></b></p> <p>During reliability testing of strategic planning and economic development cluster, the following discrepancies were identified which resulted in performance information not being valid, accurate and complete. Refer to the table below for details Table: Details of indicators not accurate, valid and complete i.e.</p> <p>1) Number of reports on Housing and urban renewal programmes coordinated and Number Expanded Public Works Program (EPWP) beneficiaries, where there were discrepancies in what was reported on the APR- leading to differences identified.</p>	<p>All 4 Quarterly for Q1 is in place, as indicated it may have been an oversight error However management acknowledges the finding because of inconsistencies on the signatures in the reports Management is not in agreement with the finding because Arbour Day Campaign was conducted on two different dates and Venues however Arbour day it was the ONE Campaign</p>	Complete
28	<p><b><u>No evidence provided to support overtime claims by VIP protection officers</u></b></p> <p>The Municipality could not provide detailed supporting documents to substantiate what the VIP officers were doing on the days of the overtime worked, only the timesheets per month showing total hours worked and the rates per hour were presented to us. This is a limitation of scope as we could not confirm whether the overtime expenditure relating to the VIP protection officers was valid and was for performing Municipality duties. Alternative procedures were not possible to confirm the validity of the overtime payments. This matter was raised in the previous two financial years and management has failed to implement the necessary action plan to address the lack of appropriate supporting information to validate the overtime claims. This is in contravention with section 15(1)(a) of the Public Audit Act 25 Of 2004 and section 65(2) of the Municipal Finance Management Act 56 of 2003. See details below for 12 of the 12 officials who claimed overtime of R3 699 015,31.</p>	<p>Management does not agree with the finding. The VIP Officers provide protection services to the Political Principals when they are performing their official duties. It is not practical that they can have any other documentary proof of provision of services when they are on such duties.</p>	Complete
29	<p><b><u>Understatement of intangible asset balance presented in the annual financial statement</u></b></p> <p>Difference have been noted between amount in the fixed asset register and amount presented in the annual financial statement relating to intangible asset additions. See details below: Table: Differences on the fixed assets register and amount on the annual financial statement</p>	<p>Agree, With the implementation of the asset management system on SOLAR computers were procured on the accounting post specific for ICT equipment. The computer/laptops however come with software and therefore need to be split between hardware and software. The asset register show the correct split of acquisition but the general ledger accounting posts were not split during procurement.</p>	Complete

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30	<p><b><u>Understatement of leave pay accrual disclosed in the annual financial statement</u></b>          The following issues have been identified during the audit of leave pay accrual disclosed in the annual financial statements</p>	<p>Agree, The formula has taken the leave taken twice into consideration and the necessary journal will be done to correct the leave accrued balances accordingly. Changes to the financial statement will be done in order to correct the balances</p>	Complete
31	<p><b><u>Differences between the assets register and annual financial statements</u></b>          Differences were noted between amounts as per fixed asset register and amount disclosed in annual financial statements.</p>	<p>Agree – with the implementation of the new asset register an error occur with the mapping within Caseware and distribution to the general ledger. Corrections will be made accordingly on the note of different asset classes</p>	Complete
32	<p><b><u>Differences noted on Note 30 – Cash generated from operations</u></b>           The following difference has been noted on note 30 (i.e. cash generated from operations) to the annual financial statements relating to cash flow statement. Details reflected below takes into account adjustments made in the statement of financial performance relating to revenue and debt impairment.</p>	<p>Agree, correction will be made as this was an error when transferring the figures from Case ware to the final statement document with additional changes on COF's related to impairment on debtors.</p>	Complete

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33	<p><b>UIFW expenditure disclosure note in the annual financial statements not in accordance with MFMA section 125 (2) and MFMA circular 68</b></p> <p>Disclosure notes relating to Unauthorised, Irregular and Fruitless and Wasteful expenditures not disclosed in accordance with the prescriptions of the MFMA and MFMA Circular 68 in the annual financial statements. Consequently, this results in non-compliance with section 125 (2) of MFMA and MFMA circular 68. Refer to the below table for details:</p> <p>1) <b>Unauthorised expenditure</b> (The following was not disclosed in the financial statements disclosure notes- Opening balance, Expenditure identified Current year, Expenditure identified – Prior period, Expenditure approved by council, Closing balance- No comparative figures were disclosed, The disclosure required for “over expenditure” was not disclosed and as a result is not in compliance with Circular 68, Annexure D., Closing balance from the prior periods financial statements (2017/18) did not agree to the current year’s opening balance. (2018/19).The unauthorised expenditure register was not in compliance with Circular 68, Annexure</p> <p>2) <b>Fruitless &amp; wasteful expenditure</b> ( Closing balance from the prior periods financial statements (2017/18) did not agree to the current year’s opening balance or comparative figures. (2018/19). The following was not disclosed in the financial statements disclosure notes: Irregular expenditure – Current year, Irregular expenditure – Prior period, Amount recoverable – Current year, Amount recoverable – Prior period, Amount written-off – Current- Amount written-off – Prior period, Cases under investigation were also not disclosed relating to: Non-compliance from procurement process requirements, Other non-compliance with laws, regulations, council policies and/or by-laws. The fruitless and wasteful expenditure register was not in compliance with Circular 68, Annexure A and disclosed insufficient information.</p> <p>3) <b>Irregular expenditure (Closing</b> balance from the prior periods financial statements (2017/18) did not agree to the current year’s opening balance or comparative figures. (2018/19). The following was not disclosed in the financial statements disclosure notes:- Correction of prior period error, Irregular expenditure – Current year, Irregular expenditure – Prior period, Amount recoverable – Current year, Amount recoverable – Prior period, Amount written-off – Current, Amount written-off – Prior period, Irregular expenditure as a result of, Competitive bidding not invited, 3 quotations not invited, Declaration of interest not invited, Tax clearance not obtained, Cases under investigation were also not disclosed relating to:- Non-compliance from procurement process requirements, Other non-compliance with laws, regulations, council policies and/or by-laws.-The irregular expenditure register was not in compliance with Circular 68, Annexure A and disclosed insufficient information.</p>	<p>Agree, The necessary adjustment will be made in the disclosure note as per circular 68.</p>	<p>Complete</p>
34	<p><b>Long service leave days not allocated correctly</b></p> <p>During the audit of leave accrual, it was noted that long service days used to calculate the leave accrual was not accurate. Based on the recalculations performed of the long service leave accrual it was noted that after the employee’s 30th anniversary, allocation of days on pay day system are incorrect. The 35th Anniversary Long Service days not allocated correctly resulting in a difference of R 33, 077, 62.</p>	<p>Agree, Parameters for the 35 year long service was not set correctly. The necessary amend was done on the system and corrections will be made to affected individuals.</p>	<p>Complete</p>

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35	<p><b><u>Discrepancies identified on leave management</u></b></p> <p>The following employees had negative leave days at year end as a result of long service leave incorrectly captured on the system as annual leave. Furthermore, it was noted that long service leave was captured twice on the system resulting in negative annual leave balance for the employees.</p>	Agree, the necessary adjustment will be done on the leave as indicate	No
36	<p><b><u>No evidence of review of the municipality's performance management system</u></b></p> <p>No evidence was provided that audit committee reviewed the municipality's performance management system. Furthermore, no evidence was received that reports were submitted to the council as required by the abovementioned regulation. Therefore, this results in non-compliance with the Municipal Planning and Performance Management Regulations (GNR 796 of 24 August 2001)</p>	<p>Agree with the finding that the Audit Committee for the 2017/18 did not review the municipality's Performance Management Reports and that these reports were not submitted to council for noting.</p> <p>Although the Performance Management Systems was audited for Q1,2,3 &amp; 4 of 2018/19 FY, these reports were not tabled partly because of the two of the Four 2/4 Audit Committee Members, had resigned during the same financial year and as such there was no quorum formed to convene an Audit Committee meeting going forward.</p> <p>Two New Audit Committee Members were appointed and the new Audit Committee was formed in August 2019.</p>	Partially done
37	<p><b><u>Irregular appointment of the Chief Financial Officer</u></b></p> <p>Non-compliance with regulation 8 (1) (a) has been identified where management appointed an employee at senior management level (i.e. Chief Financial Officer) who is not a south African citizen. Furthermore, no evidence was obtained to confirm if the employee is a permanent resident or not. The above has resulted in non-compliance with the Regulations on appointment and conditions of employment of Senior Managers Regulation 8 (1) (a). As a result, remuneration package of the chief financial officer constitutes irregular expenditure.</p>	Management accepts the finding	Complete
38	<p><b><u>Remuneration of the Municipal Manager is not in line with level 4 of Sedibeng District Municipality</u></b></p> <p>In terms of the Government Gazette Vol.628, 10 October 2017, No 41173 - Determination of categorization of municipality: During the audit of remuneration of executive director (i.e. Municipal Manager), the following was noted:</p>	Management accepts the finding	Complete
0	<p><b><u>Executive Directors Salary not in line with the competency framework</u></b></p> <p>Executive Directors Salary for SPED, Corporate &amp; Community Services and not in line with the competency framework. During the audit of executive directors, their salary ranges/packages were not accordance with paragraph 13(7) b of Government Gazette 41173. Furthermore, no waiver from the Minister was provided relating to the Executive directors mentioned above. The above salary over-payment could lead to Irregular expenditure.</p>	Management accepts the finding	Complete
40	<p><b><u>Executive Directors Salary not in line with the competency framework</u></b></p> <p>During the audit of executive directors, it was noted that salary of the Transport, Infrastructure and Environment Cluster was not in line in accordance with paragraph 13(7) b of Government Gazette 41173. Furthermore, no waiver from the Minister was provided relating to the Executive directors mentioned above. The above salary over-payment could lead to Irregular expenditure.</p>	Management accepts the finding	Complete



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41	<p><b><u>Overtime payments made to officials earning below R205 433.30 per annum or R17 199.44 per month</u></b></p> <p>The following officials earning below R205 433.30 per annum or R17 199.44 per month worked overtime which resulted in non-compliance with the provisions of the basic conditions of employment act section 10 (1) (a) and (b) (i) (ii). Therefore, this result in non-compliance with basic conditions of employment act ion 10 (1) (a) and (b) (i) (ii) and overtime payments made relating to this non-compliance constitute irregular expenditure.</p>	<p>Based on impracticality to apply the maximum number of hours per day or week, management has made a decision to limit overtime hours not to exceed 40 hours per month for remuneration purposes. The reason for deviating from the maximum hours per day or week is due to functions and events which took place after hours or over weekends which will last for a longer period than prescribed as the maximum and therefore the rule not to exceed 40 hours per month.</p>	Complete
42	<p><b><u>Interest state: Prohibiting on awards made to suppliers in the service of the state</u></b></p> <p>The following awards have been identified through computer assisted audit techniques to have been awarded to suppliers who are in service of the state, to an amount of R 459 590 127,00. This results in non-compliance with municipal supply chain management regulation 44 (a).</p>	<p>Management agrees with the finding</p>	Partially done
43	<p><b><u>Family interest: Prohibiting on awards made to suppliers connected with officials of the municipality</u></b></p> <p>The following awards have been made to suppliers who are family members of the officials of the municipality (i.e. interest family), whose total cost to Sedibeng was R 309, 624, 959.</p>	<p>Management accepts the finding</p>	Partially done
44	<p><b><u>Employees of the municipality having interest or shareholding in businesses that conduct business with other state institutions</u></b></p> <p>The following employees of the municipality have been identified to be doing business with other organ of state or have shares/directorships in entities that have transacted with organs of state. Therefore, this results in non-compliance with municipal supply chain regulation 44 (a).Details of employees having interest in businesses that conduct business with other state institutions, for the total value of R 297, 409, 712</p>	<p>Management accepts the finding</p>	Partially done
45	<p><b><u>Non-adherence to the requirement of par 25 of the recruitment and placement policy</u></b></p> <p>During the audit of termination, no evidence of exit interviews performed by management for employees who terminated service for reasons other than death. This results in non-compliance with paragraph 25 of the recruitment and placement policy.</p>	<p>In certain instances employees that resigns do not want to participate in exit interviews.</p> <p>The internal controls are sufficient and appropriate they need to be reviewed in order to accommodate employees that do not want to be interviewed.</p> <p>We will review the Policy such that the exit interviews are conducted in instances where the employee is willing to participate in the process and that refusal, to participate in the interview, should be reflected as such on the exit form.</p>	Complete
46	<p><b><u>Discrepancies identified on establishment of the disciplinary board</u></b></p> <p>During the audit of consequence management, it was noted that council resolution was taken in 2016 for the establishment of disciplinary board. However, 60% of the members who were elected to be part of the disciplinary board are no longer in the positions as required by the MFMA regulation 4. Consequently, the disciplinary board is not constituted in line with the prescripts of MFMA regulation 4 due to lack of review of the disciplinary board committee as a result the committee is not functional.</p>	<p>Management accepts the finding</p>	No



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47	<p><b><u>Internal control deficiencies identified in the investigation of prior year irregular expenditure</u></b></p> <p>During the audit of consequence management, the following internal control deficiencies were identified on investigation performed by MPAC relating to irregular expenditure amount to R3 566 122: A proper investigation must at least meet the following criteria:</p>	Management agrees with the finding as MPAC conducted an investigation	Complete
48	<p><b><u>Irregular expenditure identified as a result of inadequate and ineffective contract management</u></b></p> <p>The following issues were identified during procurement and contract management testing during the year under review. As a result, further irregular expenditure should be disclosed in the annual financial statements.</p>	Management partially agree with the finding. Management agree that the contract of Otis was, however, not all the payments listed above relate to the same contracts as some suppliers have more than one contract with the municipality	No
49	<p><b><u>Contracts not in line with general conditions of the contract</u></b></p> <p>Discrepancies have been identified during the audit or procurement and contract management for 10 contracts where contracts were not in line with the general conditions of a contract.</p>	Management must implement controls and measures surrounding the contract management and reviewing of supporting schedules before making payments to the suppliers to ensure that the municipality is in compliance with the MFMA and SCM Regulations.	No
50	<p><b><u>Evergreen contracts resulting in non-compliance with supply chain regulations</u></b></p> <p>Internal control deficiencies have been identified during contract management testing which amounts to 18 of the ever green contracts.</p>	Management must implement controls and measures surrounding the contract management and reviewing of supporting schedules before making payments to the suppliers.	No
51	<p><b><u>Performance indicator is not measurable as required by FMPP – Corporate Services Cluster</u></b></p> <p>The following performance indicators under the corporate services cluster listed below are not measurable. i.e.</p> <ol style="list-style-type: none"> <li>1) Percentage (%) of implementation of resolutions ICT Steering Committee</li> <li>2) Percentage of implementation of LLLF meetings resolutions</li> </ol>	Management accepts the finding	Complete
52	<p><b><u>Inconsistencies between the Service Delivery Budget Implementation Plan (SDBIP) and the Annual Performance report (APR) – Finance Cluster</u></b></p> <p>The following inconsistencies under finance cluster were identified between the 2018/19 Annual Performance Report (APR) and the 2018/19 revised Service Delivery Budget Implementation Plan (SDBIP) for Finance Cluster.</p>	Management acknowledges the finding. The correct KPIs and targets are those that were approved on the revised SDBIP. For the purposes of this audit, management therefore requests to correct the errors in order to align with the approved document. Management to request a resubmission of the corrected KPI and targets. Management will also capacitate the unit to identify additional resources that will provide the four-eye principle to ensure that information remains accurate across all the Performance Information artefacts.	Complete

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53	<p><b><u>Non-compliance with Section 46 of Municipal System Acts relating to presentation and disclosure of reported performance information – Finance Cluster</u></b></p> <p>For the following indicators under finance cluster, no comparative performance achievement presented in the annual performance report provided for audit between actual performances achievements in the current year as opposed to prior year.</p>	<p>1) Management will review and update the Performance Information Policies and SOP's to include the requirement that clearly articulates the comparative analysis or comparisons of actual achievement against planned objectives, indicators and targets across all the objectives of each clusters. 2) The requirements will also be updated on the Annual Performance Report. 3) These should be reviewed and approved by the Mayor 4) Submitted to Council for noting</p>	Complete
54	<p><b><u>Non-compliance with Section 46 of Municipal System Acts relating to measures to improve performance against planned targets not disclosed in the annual performance report – Finance Cluster</u></b></p> <p>For the following indicators under finance cluster, no comparative performance achievement presented in the annual performance report provided for audit between actual performance achievements in the current year as opposed to prior year</p>	<p>Management agrees with the finding. Management will review and update the Performance Information Policies and SOP's to include the requirement that clearly articulates the following:-</p>	Complete
55	<p><b><u>Inconsistencies between the Service Delivery Budget Implementation Plan (SDBIP) and the Annual Performance report (APR) – Community Service Cluster</u></b></p> <p>The following inconsistencies under community services cluster were identified between the 2018/19 Annual Performance Report (APR) and the 2018/19 revised Service Delivery Budget Implementation Plan (SDBIP) for Finance Cluster.</p>	<p>Management accepts the finding</p>	Complete
56	<p><b><u>Non-compliance with Section 46 of Municipal System Acts relating to presentation and disclosure of reported performance information – Community Service Cluster</u></b></p> <p>For the following indicators under community service cluster, no comparative performance achievement presented in the annual performance report provided for audit between actual performances achievements in the current year as opposed to prior year. Refer to the table below for details: Details of no comparative actual achievements presented in the annual performance report: For example '- Performance Indicators indicates -Number of Primary Health Care (PHC) Programmes implemented, with the Performance Target indicates Coordinate three (3) District Health Meetings</p>	<p>Management accepts the finding</p>	Complete
57	<p><b><u>Non-compliance with Section 46 of Municipal System Acts relating to measures to improve performance against planned targets not disclosed in the annual performance report – Community Services Cluster</u></b></p> <p>For the following performance indicator under community services cluster, management did not disclose measures to improve performance against planned targets as required by Municipal System Act No.32 of 2000 section 46 (1) (c). Refer to the table below:</p>	<p>Management accepts the finding</p>	Complete
58	<p><b><u>Non-compliance with Section 46 of Municipal System Acts relating to presentation and disclosure of reported performance information – Transport, Infrastructure and Environment Cluster</u></b></p> <p>For the following indicators under TIE no comparative performance achievement presented in the annual performance report provided for audit between actual performance achievements in the current year as opposed to prior year. Refer to the table below for details:</p>	<p>Management accepts the finding</p>	Complete

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59	<p><b><u>Inconsistencies between the Service Delivery Budget Implementation Plan (SDBIP) and the Annual Performance report (APR) – Strategic Planning and Economic Development Cluster</u></b></p> <p>(c) For the following performance indicator under community services cluster, management did not disclose measures to improve performance against planned targets as required by Municipal System Act No.32 of 2000 section 46 (1) (c).</p>	Management accepts the finding	Complete
60	<p><b><u>Non-compliance with Section 46 of Municipal System Acts relating to presentation and disclosure of reported performance information – Strategic Planning and Economic Development Cluster</u></b></p> <p>For the following indicators under transport, infrastructure and environment cluster, no comparative performance achievement presented in the annual performance report provided for audit between actual performance achievements in the current year as opposed to prior year.</p>	Management accepts the finding	Complete
61	<p><b><u>Non-compliance with Section 46 of Municipal System Acts relating to measures to improve performance against planned targets not disclosed in the annual performance report – Strategic Planning and Economic Development Cluster</u></b></p> <p>The following inconsistencies under Strategic Planning and Economic Development cluster were identified between the 2018/19 Annual Performance Report (APR) and the 2018/19 revised Service Delivery Budget Implementation Plan (SDBIP) for Finance Cluster.</p>	Management accepts the finding	Complete
62	<p><b><u>Inconsistencies between the Service Delivery Budget Implementation Plan (SDBIP) and the Annual Performance report (APR) – Corporate Services Cluster</u></b></p> <p>For the following indicators under Strategic Planning and Economic Development cluster, no comparative performance achievement presented in the annual performance report provided for audit between actual performance achievements in the current year as opposed to prior year.</p>	Management accepts the finding	Complete
63	<p><b><u>. Non-compliance with Section 46 of Municipal System Acts relating to presentation and disclosure of reported performance information – Corporate Services Cluster</u></b></p> <p>d) For the following performance indicator under Strategic Planning and Economic Development cluster, management did not disclose measures to improve performance against planned targets as required by Municipal System Act No.32 of 2000 section 46 (1) (c). Refer to the table below: Table: Details of measures to improve performance against planned targets were not disclosed No. indicators Target Reason 1. Number of Reports on Growth and Development Strategy Produce Four (4) reports on Growth and Development Strategy No measures to improve performance against planned targets were not disclosed in the annual performance report in Q2 and Q3 (e) Furthermore, measures to improve performance indicated by management included in the annual performance report could not be corroborated based on the supporting evidence provided for audit.</p>	Management accepts the finding	Complete

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64	<p><b><u>IT strategy was not developed and approved</u></b></p> <p>Management has developed and approved a situational analysis to be used when developing the ICT strategy. However, ICT Strategy was not developed and approved for the year under review. Lack of an adequate IT strategy may result in the municipality not being able to implement and prioritise IT initiatives that are in line with the organisational strategy and vision. This may lead to the municipality not being able to utilise information technology (IT) effectively to achieve its objectives and may result in the organization utilising and incurring costs for IT systems, processes and products that do not provide adequate return on investment.</p>	The Cluster is in the process of developing the ICT Strategy	No
65	<p><b><u>Lack of process for monitoring information technology investments</u></b></p> <p>Management has developed and approved the CGICTF and the charter which makes provision for the following:</p>	The Directorate will develop the return on investment protocol and check list	No
66	<p><b><u>IT Operational Risk register not reviewed by the risk management committee</u></b></p> <p>The municipality has conducted the risk assessment workshop and the IT risks were identified documented in the IT risk register. However, the IT risk report and the register were not reviewed and finalised by the Risk Management Committee.</p>	The Risk Committee will ensure regular monitoring of the ICT Risks implementation	Complete
67	<p><b><u>Monitoring of Security violations not performed</u></b></p> <p>The approved ICT Operating System Security Controls policy states that:</p> <p>9.1. All applications must have auditing/logging enabled.</p> <p>9.2. All accounts, at a minimum, must conform to the following audit configuration:</p>	The Sentinel Log Manager application had to be upgraded and transferred to a new server which had to be procured. This delay affected the availability of log data on the Novell system. New server has since been setup and is fully functional.	No
68	<p><b><u>Password configuration settings not in line with the approved policy</u></b></p> <p>page 6 of 10 section 8.1 to 8.4 of the approved IT Operating System Security policy states that the password configuration settings should be as follows:</p>	Lockout threshold has been applied and is now aligned to the IT Operating Systems security policy	Complete
69	<p><b><u>Latest patch updates not deployed to all workstations</u></b></p> <p>The municipality is making use of 3 Operating Systems from Microsoft namely: Windows 7; Windows 8 and Windows 10.</p>	The Directorate will assign a dedicated person to ensure the implementation of the policy and monitor progress	Partially done
70	<p><b><u>Backup restoration test not performed</u></b></p> <p>71. Backup restoration test not performed Section 10 of the approved backup policy, states that "the ability to restore data from backups shall be tested at least once per week "However, it was noted that no restoration tests were performed for the dates selected for effectiveness testing as indicated below:</p>	The policy will be amended to reflect the current process and resource capability.	Complete
71	<p><b><u>Disaster Recovery Plan not tested 204</u></b></p> <p>· Restores not performed due to sewerage leaks and all systems had to be turned off · Restores not performed due to faulty tapes · Restores log file could not be located</p>	The ICT Department will endeavor to limit the risk of not testing the DRP plan by implementing additional risk reduction actions.	No
72	<p><b><u>Inadequate physical security over the data Centre</u></b></p> <p>Management has developed and approved the Information and Communication Technology(ICT) environment control policy which requires that security doors giving access to this Centre and access doors be secured at all times. Access doors apart from the Main entrance door are to be locked by security gate and wooden fire proof doors at all times;</p>	The ICT environment control policy will be updated to reflect the current status quo and.	Partially done

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73	<b>Environmental controls were not adequately developed</b> Management has developed and approved the ICT environment controls policy. However, the review has established that the policy was not adequate as it did not address the amongst the others the following environmental control requirements:	The ICT Directorate will review the Policy to include elements identified as weaknesses in the policy	Partially done
74	<b>1. Novell Logs of administrator activities not available for audit purposes</b> Management has developed and implemented the user account management policy which requires that: · A user account will only be modified on receipt of the prescribed form, duly signed by the user's Head of Department and the Executive Director of the cluster Changes be reflected on the monthly account changes report from Sentinel Log Manager where it must be controlled, verified and signed off by the Director: Information Management or his appointee..	The ICT Directorate will implement provisions of the Policy to ensure adherence Management is reviewing logs as recommended. Recommendations added to draft Change Management Policy (to serve before ICT Operational Steering Committee for approval of policy.)	Complete
75	<b>Novell: The use of generic account not discouraged</b> Management has developed and implemented the user account management policy which requires that: ·	The ICT Directorate will implement provisions of the Policy to ensure adherence User Account Management Policy will be reviewed to reflect the use of generic usernames in instances where proprietary software requires the use of such user-names.	Partially done
76	<b>SOLAR: The use of generic account not discouraged</b> Management has developed and implemented the user account management policy which requires that:	The ICT Directorate will implement provisions of the Policy to ensure adherence User Account Management Policy will be reviewed to reflect the use of generic usernames in instances where proprietary software requires the use of such user-names.	No
77	<b>1. Payday Administrator activities not reviewed during the year</b> Management has developed and implemented the user account management policy which requires that:	Audit trail on all transactions performed by the administrator will be signed off by the Snr official in ICT	Partially done
78	<b>Online Nedbank Banking: Inadequate implementation of controls over review of administrator activities</b> Management has developed and implemented the user account management policy which requires that:	The function of an audit trail is not available on the Nedbank online system. Nedbank was requested to send through the audit trail of all transactions for sign off	Complete
80	<b>Change management policy not developed.</b> The municipality has developed and approved the Information and Communication Technology (ICT) Management framework that requires that Director Information Technology (IT) in cooperation with the information systems owners to ensure that changes to technology resources, applications and information systems be only performed in a structured and controlled manner to ensure that changes do not compromise the integrity of the municipal systems.	Develop and implement a change management policy	No
81	<b>Changes management on applications not properly operated</b> Lack of documented policy on change management may increase the risk associated with the introduction of new elements and other modifications in the IT environment and will not be able to prevent unapproved ad hoc changes and rapid recovery from the change related problems. Changes that were implemented were not appropriately registered, seen and approved by proper authorities.	Management will update the current change request template and application upgrade processes to include the recommendations. Management will consult with the vendor on the availability of a system change audit trail (log). The change control policy will be implemented	No

# Chapter 6

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

### 6.2 AUDITOR GENERAL REPORT YEAR 0 (CURRENT YEAR)

#### COMMENTS ON AUDITOR GENERAL OPINION YEAR 2019/2020

##### ***The following were matters of emphasis***

Restatement of corresponding figures – As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2019 were restated as a results of errors discovered in the financial statements of the municipality at and for the year ended, 30 June 2020.

##### ***Events after the reporting period***

In reference to Note 40.6 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implication of Covid-19 on municipality's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances. Our opinion is modified in respect of this matter.

##### ***Irregular Expenditure***

In reference to Note 39 to the financial statements, the municipality incurred irregular expenditure of R 15 257 905, as it did not follow supply chain management regulations.

##### ***Material Uncertainty relating to going concern***

In note 35 to the financial statements, which indicated that the municipality incurred a net loss of R 52 710 333 during the year ended 30 June 2020 and as if that date the municipality's current liabilities exceeded its total assets by R 95 566 624 as stated in Note 35, these events or conditions, along many other matters as set forth in note 37, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

#### COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

T 6.2.5

# Glossary

## GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a



# Glossary

	passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>



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## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Council Members	Full Time / Part Time FT/PT	Committees Allocated	Ward and / or Party Represented	%Percentage Council Meetings Attendance	Parentage Apologies for non-attendance
Cllr Baloyi PB	FT	Council Sitting (8)	DA	37.5%	4 Apologies, 1 Absent
		Gender (6)	DA	80%	4 Meetings, 2 Absent
Cllr Baloyi HH	FT	Council Sitting (8)	EFF	75%	2 Apologies
		Petition (4)	EFF	20%	3 Absent
Cllr Buthongo CT	FT	Council Sitting (8)	ANC	62.5%	2 Apologies, 1 Absent
		Gender (6)	ANC	90%	1 Absent
Cllr Coertze Y	PT	Council Sitting (8)	DA	87.5%	1 Apology
MMC Dlangamandla JM	FT	Council Sitting (8)	ANC	87.5%	1 Apologies
MMC Gamede LSA	FT	Council Sitting (8)	ANC	87.5%	1 Apologies
Cllr Gomes MM	FT	Council Sitting (8)	DA	87.5%	1 Apologies
Cllr Hlanyane P	PT	Council Sitting (8)	DA	100%	-
		Petition (4)	DA	100%	4 Meetings
MMC Hlongwane NG	FT	Council Sitting (8)	ANC	100%	-
Cllr Hlophe NC	PT	Council Sitting (8)	DA	100%	-
		Petition (4)	DA	100%	4 Meetings
Cllr Jones RF	FT	Council Sitting (8)	DA	100%	-
		MPAC (6)	DA	100%	6 Meetings

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ClIr Khoali AN	PT	Council Sitting (8)	ANC	100%	-
MMC Khomoeasera ML	FT	Council Sitting (8)	ANC	75%	2 Apologies
ClIr Lubbe AA	FT	Council Sitting (8)	FF+	87.5%	1 Apology
		MPAC (6)	FF+	80%	4 Meetings, 2 Absent
		Rules (1)	FF+	100%	1 Meeting
ClIr Machitje LM	FT	Council Sitting (8)	EFF	87.5%	1 Apology
		MPAC (6)	EFF	80%	4 Meetings, 2 Absent
		Rules (1)	EFF	100%	1 Meeting
ClIr Mahlase KM	PT	Council Sitting (8)	ANC	75%	1 Apology, 1 Absent
		MPAC (6)	ANC	80%	5 Meetings, 1 Absent
		Gender (6)	ANC	100%	6 Meetings
MMC Maphalla TS	FT	Council Sitting (8)	ANC	100%	-
ClIr Maraka TPE	PT	Council Sitting (8)	DA	87.5%	1 Apology
		MPAC (6)	DA	80%	4 Meetings, 2 Absent
		Rules (1)	DA	100%	1 Meeting
ClIr Masisa LL	PT	Council Sitting (8)	AIC	37.5%	1 Absent, 4 Apologies
		MPAC (6)	AIC	60%	3 Meetings, 3 Absent
		Rules (1)	AIC	100%	1 Meeting
		Petition (4)	AIC	40%	2 Absent
ClIr Mkhwanazi OA	PT	Council Sitting (8)	ANC	87.5%	1 Absent
		MPAC (6)	ANC	80%	4 Meetings, 2 Absent
ClIr Mncube ME	PT	Council Sitting (8)	DA	100%	-
ClIr Mochawe JS	FT	Council Sitting (8)	ANC	100%	-
		MPAC (6)	ANC	100%	6 Meetings
		Rules (1)	ANC	100%	1 Meeting

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Executive Mayor Cllr Modisakeng BJ	FT	Council Sitting (8)	ANC	100%	-
Cllr Mofokeng NT	PT	Council Sitting (8)	ANC	87.5%	1 Apology
		Rules (1)	ANC	100%	1 Meeting
MMC Mohammed YJ	FT	Council Sitting (8)	ANC	100%	-
Cllr Mohono S	PT	Council Sitting (8)	EFF	62.5%	2 Apologies, 1 Absent
Cllr Mokoena TA	PT	Council Sitting (8)	DA	100%	-
Cllr Mollo DS	PT	Council Sitting (8)	DA	100%	-
		Rules (1)	DA	100%	1 Meeting
Madam Speaker Mosai Cllr Mosai A	FT	Council Sitting (8)	ANC	100%	-
		Rules (1)	ANC	100%	1 Meeting
Cllr Motaung PM	PT	Council Sitting (8)	EFF	75%	1 Absent, 1 Apology
		Gender (6)	EFF	80%	4 Meetings, 2 Absent
Cllr Motsei LA	PT	Council Sitting (8)	ANC	100%	-
		Gender (6)	ANC	50%	4 Meetings, 2 Absent
		Petition (4)	ANC	100%	4 Meetings
CHIEF WHIP Mshudulu SA	FT	Council Sitting (8)	ANC	100%	-
		Rules (1)	ANC	100%	1 Meeting
Cllr Mulder M	PT	Council Sitting (8)	DA	75%	2 Apologies
Cllr Ndlovu MP	PT	Council Sitting (8)	ANC	87.5%	1 Apology
		Gender (6)	ANC	80%	4 Meetings, 2 Absent
Cllr Ntuthu VJ	PT	Council Sitting (8)	ANC	87.5%	1 Apology
		MPAC (6)	ANC	90%	5 Meetings, 1 Absent
		Gender (6)	ANC	90%	5 Meetings, 1 Absent
		Rules (1)	ANC	100%	1 Meeting

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CLlr Nxongo NPG	PT	Council Sitting (8)	ANC	100%	-
		Petition (4)	ANC	100%	4 Meetings
CLlr Pretorius PC	PT	Council Sitting (8)	DA	75%	2 Absents
MMC Raikane MD	FT	Council Sitting (8)	ANC	87.5%	1 Apology
CLlr Ramongalo TR	FT	Council Sitting (8)	DA	62.5%	1 Absent, 2 Apologies
CLlr Rapakeng OD	PT	Council Sitting (8)	ANC	75%	1 Absent, 2 Apologies
CLlr Raphesu MR	PT	Council Sitting (8)	EFF	75%	1 Absent, 1 Apology
CLlr Seloane LJ	PT	Council Sitting (8)	ANC	84%	2 Absent, 1 Apology
CLlr Senekal GM	PT	Council Sitting (8)	FF+	62.5%	1 Absent, 2 Apologies
		Gender (6)	FF+	40%	2 Meetings, 4 Absent
		Petition (4)	FF+	20%	3 Absent
CLlr Sikhosana TC	PT	Council Sitting (8)	DA	75%	2 Apologies
		Gender (6)	DA	80%	4 Meetings, 2 Absent
CLlr Sikukula	PT	Council Sitting (8)	ANC	87.5%	1 Apology
		Petition (4)	ANC	40%	2 Absent
CLlr Sinyanya	PT	Council Sitting (8)	ANC	87.5%	1 Apology
		MPAC (6)	ANC	100%	6 Meetings
		Petition (4)	ANC	100%	4 Meetings
CLlr Soxuza DS	PT	Council Sitting (8)	ANC	87.5%	1 Apology
		Petition (4)	ANC	100%	4 Meetings
CLlr Tsotetsi PB	PT	Council Sitting (8)	ANC	100%	-
CLlr Xaba PD	PT	Council Sitting (8)	DA	87.5%	1 Apology

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## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

<b>Committees (other than Mayoral/Executive Committee) and Purposes of Committees</b>	
Rules committee	Recommends rules and orders to Council concerning the smooth running of its business
Ethics & Integrity Committee	Promote a culture within the institution which is intolerant to unethical conduct.
Municipal Public Accounts Committee (MPAC).	Reviews the municipal annual report in line with Auditor -General's findings. Provide political oversight to financial management and accounts.
Public Participation & Petitions Committee	Promotes the active involvement of the general public in municipal affairs. Receive petitions from ordinary community members on service delivery matters.
Gender Committee	Responsible for gender mainstreaming within the municipal environment. Monitor gender perspective of policies , programmes, projects and practices in the municipality
Section 80 Committees	Administrative oversight.
<p><i>Note * Councillors appointed on a proportional basis do not have wards allocation to them</i></p>	

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## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
DIRECTORATE	MANAGERS/ASSISTANT MANAGERS (State title and name)
OFFICE OF THE EXECUTIVE MAYOR	
A MOKONANE (DIRECTOR)	T MALEKA (ASSISTANT MANAGER)
	S KGASWANE (ASSISTANT MANAGER)
	S NDLENGETHWA (ASSISTANT MANAGER)
	B MOHAPELOA (ASSISTANT MANAGER)
OFFICE OF THE SPEAKER OF COUNCIL	
M. MPONTSHANE (DIRECTOR)	MOKAKO (MANAGER)
OFFICE OF THE CHIEF WHIP OF COUNCIL	
J. TSOHO (DIRECTOR)	MGUDLWA (MANAGER)
OFFICE OF THE MUNICIPAL MANAGER	
S. MPETA (DIRECTOR)	T. MOKOARI (ASSISTANT MANAGER)
R. MHLWATIKA (DIRECTOR)	L. NGAKE (MANAGER)
FINANCE	
SUPPLY CHAIN	E. LOUW (ASSISTANT MANAGER)
FINANCIAL MANAGEMENT	
C STEYN (DIRECTOR)	A LUBBE (ASSISTANT MANAGER)
CORPORATE SERVICES	
HR	
M.W. RAMOTSEDISI (DIRECTOR)	TS MALOKA (MANAGER)
	L NKOLI (ASSISTANT MANAGER)
	C. SERAME (ASSISTANT MANAGER)
	O. MORAJANE (ASSISTANT MANAGER)
INFORMATION TECHNOLOGY	
Y. CHAMDA (DIRECTOR)	C. VISSER (MANAGER)
	T.XABA (ASSISTANT MANAGER)
	N. MONGA (ASSISTANT MANAGER)
	B. MASHIYA (MANAGER)
	HAJ MANS (MANAGER)
FACILITIES	
D. MARANDA (DIRECTOR)	B. JOHNSON (MANAGER)
	T. MOKOENA (MANAGER)
PROTECTION SERVICES	
T. MIYA (MANAGER)	N. MABULA (SUPERINTENDENT)
RECORDS AND COMMITTEE SECTION	

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N. TSHABALALA	(MANAGER)	P. NZUNGA	(CORDINATOR)
STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT			
LED & TOURISM			
K MBONGO	(DIRECTOR)	MD.KANTSO	(ASSISTANT MANAGER)
		R. PELSER	(ASSISTANT MANAGER)
		M DLADLA	(ASSISTANT MANAGER)
		M MOKGATLE	(ASSISTANT MANAGER)
		S.P VAN WYK	(ASSISTANT MANAGER)
DEVELOPMENT PLANNING AND HUMAN SETTLEMENT			
T. MUTLANENG	(MANAGER)	S. PITSO	(MANAGER)
		MAJOLA	(MANAGER)
PROJECT MANAGEMENT UNIT			
R. NETSHVHALE	(DIRECTOR)		
TRANSPORT AND INFRASTRUCTURE			
		M KHALEMA	(MANAGER)
		NS MOFOKENG	(MANAGER)
LICENSING			
G. DEYZEL	(ACTING MANAGER)	T. LENAKE	(ASSISTANT MANAGER)
		E VAN ZYL	(ASSISTANT MANAGER)
		A. MSIBI	(ASSISTANT MANAGER)
ENVIRONMENT			
		Z VAN ZYL	(MANAGER)
		MF THEKISO	(ASSISTANT MANAGER)
COMMUNITY SERVICES			
HEALTH			
D MASUKELA	(DIRECTOR)	MOKOENA	(CORDINATOR)
DISASTER			
S. MOTHAPO	(DIRECTOR)	MM TAALJARD	(MANAGER)
		P. NIEWENHEIZEN	(ASSISTANT MANAGER)
SRAC & H			
N. FELIX	(DIRECTOR)		
		S KHUMALO	(ASSISTANT MANAGER)
		A. VAN WYK	(ASSISTANT MANAGER)
SAFETY			
M LEACWE	(DIRECTOR)	P. KELE	(ASSISTANT MANAGER)

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## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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



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Markets	Y	N/A
Municipal abattoirs	Y	N/A
Municipal parks and recreation	N	N/A
Municipal roads	N	N/A
Noise pollution	N	N/A
Pounds	N	N/A
Public places	N	N/A
Refuse removal, refuse dumps and solid waste disposal	N	N/A
Street trading	N	N/A
Street lighting	N	N/A
Traffic and parking	N	N/A
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>TD</i>

## APPENDIX E – WARD REPORTING

Not applicable to Sedibeng district municipality

## APPENDIX F – WARD INFORMATION

Not applicable to Sedibeng district municipality

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## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
6th August 2019 - Audit Committee and Performance Audit Committee	That new audit committee be inducted to Sedibeng District Municipality - Executive Management	
	That the review of IDP should include the following reviews:-	Yes
	1. IDP Process plan- once completed IA should review for compliance	
	2. Review of the first draft public participation –comments. Roles of the Speaker of Council must be incorporated into the public participation.	
	3. Alignment of the SDM's Strategic Risk Assessment to the budget and the IDP	
	4. Alignment of the Process Plan, Budget and Annual Performance Information and subject to;	
	5. Input of the AC before the approval by council and adoption thereof.	
	That there is a need to ensure that there is alignment and monitor the synergy across the following:-	Yes
	1 key National Strategic Projects – such as the National Development Plan	
	2. Performance Management Systems (PMS) & mainstreaming its clusters using KPI's and how we cater for the 1 outer year plan.	
That concerted efforts should be made between the two Municipalities (Sedibeng and Emfuleni) to settle the off-setting agreement amounts owed between the two municipalities and.	Yes	
That the Municipality cannot continue to operate as a "going-concern without any transformation taking place. They encouraged that MM-should take a bold decision to:		
'- Drive-costs on a line-by-line item to identify and manage costs as such.		
'- MM should also pay attention to the building, which infrastructure that is collapsing and may have OHS implications		
23rd August 2019 - 49th Audit Committee and Performance Audit Committee	The minutes of the 6th of August 2019- Audit Committee Induction Meeting be adopted.	
	That the Audit Committee Charter 2019/20 be reviewed and submitted to Council for approval.	Yes
	That the Internal Audit Charter 2019/20 be approved and adopted for the new FY.	Yes
	That the 2019/20 Internal Audit Methodology be approved by AC and adopted by IA.	Yes
	That the KPI's and targets on the 2019/20 SDBIP be reconsidered during mid-term to cater for SMART principles and should be outcome based. Review and provision of feedback of the SDBIP 2019/20	Yes
	Review and provision of feedback Budget 2019/20 Review and provision of feedback Internal audit reports Review of the Draft Annual AFS – internal audit review	
	The 2019/20 Internal Audit Plan after presentation by the Internal Audit be revised to be aligned to the SDM Risk Management (Still to be approved) Register and to cater for the revenue generation business processes	Yes
24th January 2020 –	That the contents of the Minutes of the 29th November 2019 50th be adopted and noted.	Yes

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51st Audit Committee and Performance Audit Committee	That the contents of the AGSA Final Audit and Management Report be adopted and noted.	Yes
	The contents of the Final Audit Financial Statements 2018/2019 be adopted and noted.	Yes
	The contents of the final Annual Report 2018/19 were noted	Yes
	That the contents of the unaudited Quarter1 and Midyear Performance Report 2019/20 were noted	Yes
21st May 2020 - Special Meeting	Review of the Draft IDP 2020/21	Yes
	Chapter 4 of the draft IDP must be checked by management to reflect correct information i.e. Fleet management section has Human Resource information. Management should review and verify the content information.	
	Comments made by the Audit Committee to be incorporated in writing before submission to council.	
	That the MM to provide a high-level update on the process that is taking place to move the district to Vaal River City (Chapter 9) initiative and indicated that he will provide a presentation on the work that has been done, in the next meeting.	Yes
	Review of the Draft Budget 2020/21 (i) Unfunded Budget: - The issue of the unfunded budget is still a concern and that the deficit is still growing. Municipality is urged to engage with the Executive Mayor and the PMT to find a strategy to resolve this issue as it may continue in this manner if there is no immediate political intervention. The Covid-19 Impact will be an on-going phenomena for the economy and for the municipality. The municipality should engage on processes that speaks to the decrease in salary bill since there will be limited funding coming from Government. These may come in a form of options such as no salary increase, salary reductions etc. in order to preserve jobs come Aug-Sep 2020 period.	Yes
	(ii) Leave Management: - Most people are working from home given the Covid-19 pandemic and lockdown regulations. The concern from AC is whether Management has considered/factored the risks of having people not taking leave days and thus this escalate the number of leave provision. Management should review and re-consider its leave management strategy given that most employees are on lockdown and by default fewer employees are taking their respective annual leave. Accumulation of employees' annual leave will have a negative impact on the municipality's financial books. Municipality to review its Leave provision policy.	Yes
	SDM's Covid-19 Response Strategy Presentation	Yes
	The contents of the Covid-19- Presentation were noted and the municipality's response and co-ordination of the District Command Centre to the pandemic was commended.	Yes
	There must be an alignment of Business Continuity Management (BCM) of all the Local municipality ( MEC) wanted clarity	Yes
	That the Internal Audit Reports be noted That Management expedite the process of remediating the finding to improve internal controls. This include both the findings of Internal Audit and Auditor General. Findings that have the Unauthorised, Irregular and Wasteful Expenditure on the contracts sampled is encouraged to identify ALL of the municipality's the contracts to identify any other gaps that may need to be remediated upon. That the fact that there is still an extension of contracts that have expired like the Fleet-Horizon is a critical and concerning issues and should be reviewed. That management should respond accordingly to Internal Audit requests to avoid delays and the impact on the hours wasted by Internal Audit to request for information.	Yes
26-May-20	That the municipality's liquidity position and the offsetting agreement with the Emfuleni local municipality is of concern. The municipality requested to either formalize this agreement through the approval of both municipality's council and a signing of SLA.	Yes
	That the Internal Audit Reports be noted That Management expedite the process of remediating the finding to improve internal controls. This include both the findings of Internal Audit and Auditor General. Findings that have the Unauthorised, Irregular and Wasteful Expenditure on the contracts sampled is encouraged to identify ALL of the municipality's the contracts to identify any other gaps that may need to be remediated upon. That the fact that there is still an extension of contracts that have expired like the Fleet-Horizon is a critical and concerning issues and should be reviewed. That management should respond accordingly to Internal Audit requests to avoid delays and the impact on the hours wasted by Internal Audit to request for information.	Yes

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

None

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## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

None

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
<b>(Executive) Mayor</b>		
	Busisiwe Joyce Modisakeng	Nil
<b>Member of Mayco/Exco</b>		
	MMC S. Maphalla	Nil
	MMC P.B. Tsotetsi	Nil
	MMC. Y. Mahomed	Nil
	MMC Z. Raikane	Nil
	MMC M. Kgomoeasera	Nil
	MMC G.Hlongwane	Nil
	MMC L. Gumede	Nil
	MMC J.Dlangamandla	Nil
<b>Councillors</b>		
	SPEAKER Mosai AC	Nil
	CHIEF WHIP Mshudulu SA	Nil
	Cllr Baloyi PB	Nil
	Cllr Baloyi H	Nil
	Cllr Buthongo CT	Nil
	Cllr Coertze Y	Nil
	Cllr Gomes MM	Nil
	Cllr Hlanyane BP	Nil
	Cllr Hlophe NC	Nil
	Cllr Jones RF	Nil
	Cllr Khoali AN	Nil
	Cllr Lubbe AA	Nil
	Cllr Machitje LM	Nil
	Cllr Mahlase KM	Nil
	Cllr Maraka TPE	Nil
	Cllr Masisa LL	Nil
	Cllr Mkhwanazi OA	Nil
	Cllr Mncube ME	Nil

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	Cllr Mochawe JS	Nil
	Cllr Mofokeng NT	Nil
	Cllr Mohono S	Nil
	Cllr Mokoena TA	Nil
	Cllr Mollo DS	Nil
	Cllr Motaung PM	Nil
	Cllr Motsei LA	Nil
	SPEAKER Mosai AC	Nil
	CHIEF WHIP Mshudulu SA	Nil
	Cllr Mulder M	Nil
	Cllr Ndlovu MP	Nil
	Cllr Ntuthu VJ	Nil
	Cllr Nxongo NPG	Nil
	Cllr Pretorius PC	Nil
	Cllr Ramongalo TR	Nil
	Cllr Rapakeng OD	Nil
	Cllr Raphesu MR	Nil
	Cllr Seloane LJ	Nil
	Cllr Senekal GM	Nil
	Cllr Sikhosana TC	Nil
	Cllr Sikukula M	Nil
	Cllr Sinyanya SS	Nil
	Cllr Soxuza DS	Nil
	MMC Tsotetsi PB	Nil
	Cllr Xaba PD	Nil
Municipal Manager		
	Mr. S. Khanyile	Nil
Chief Financial Officer		
	Ms K. Wiese	Nil
Executive Directors		
	Mr. M. Makhutle	Nil
	Ms. J. Medupe	Nil
	Mr. Z.J. Majola	Nil
	Ms. N. Baleni	Nil
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

# Appendices

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Vote 1 - Executive and Cou	0	0	0	0			
Vote 2 - Finance & Adminis	285 857 697	294 714 345	295 339 579	301 049 156	2%	2%	
Vote 3 - Transport, Infrastru	66 156 160	75 633 685	78 213 685	53 797 438	-41%	-45%	
Vote 4 - Community & Social	4 625 572	6 599 995	6 667 252	3 990 042	-65%	-67%	
Vote 5 - Planning & Develop	4 588 020	17 580 000	0	0	#DIV/0!	#DIV/0!	
Vote 6 - Other Trading Serv	10 308 942	11 263 156	11 283 156	7 549 883	-49%	-49%	
Example 7 - Vote 7							
Example 8 - Vote 8							
Example 9 - Vote 9							
Example 10 - Vote 10							
Example 11 - Vote 11							
Example 12 - Vote 12							
Example 13 - Vote 13							
Example 14 - Vote 14							
Example 15 - Vote 15							
<b>Total Revenue by Vote</b>	<b>371 536</b>	<b>405 791</b>	<b>391 504</b>	<b>366 387</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	
<i>Variiances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>							T K.1

# Appendices

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates					#DIV/0!	#DIV/0!	
Property rates - penalties & collection charges					#DIV/0!	#DIV/0!	
Service Charges - electricity revenue					#DIV/0!	#DIV/0!	
Service Charges - water revenue					#DIV/0!	#DIV/0!	
Service Charges - sanitation revenue					#DIV/0!	#DIV/0!	
Service Charges - refuse revenue					#DIV/0!	#DIV/0!	
Service Charges - other	-	-	-	-	#DIV/0!	#DIV/0!	
Rentals of facilities and equipment	514	772	721	422	-83%	-71%	
Interest earned - external investments	2 944	1 995	2 615	3 307	40%	21%	
Interest earned - outstanding debtors				4 890	100%	100%	
Dividends received					#DIV/0!	#DIV/0!	
Fines					#DIV/0!	#DIV/0!	
Licences and permits	125	1 575	1 575	1 445	-9%	-9%	
Agency services	66 156	87 676	87 676	62 929	-39%	-39%	
Transfers recognised - operational	277 892	301 541	286 660	284 388	-6%	-1%	
Other revenue	23 839	12 111	12 116	8 958	-35%	-35%	
Gains on disposal of PPE	66	140	140	-	#DIV/0!	#DIV/0!	
Environmental Protection					#DIV/0!	#DIV/0!	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>371 536</b>	<b>405 811</b>	<b>391 504</b>	<b>366 339</b>	<b>-10.77%</b>	<b>-6.87%</b>	

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

T.K.2

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
Other Specify:						
<b>Total</b>						

*\* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.*

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# Appendices

## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*								R '000
Description	Year - 1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
<b>Capital expenditure by Asset Class</b>								
<b>Infrastructure - Total</b>	-	-	-	-	-	-	-	
<b>Infrastructure: Road transport - Total</b>	-	-	-	-	-	-	-	
Roads, Pavements & Bridges								
Storm water								
<b>Infrastructure: Electricity - Total</b>	-	-	-	-	-	-	-	
Generation								
Transmission & Reticulation								
Street Lighting								
<b>Infrastructure: Water - Total</b>	-	-	-	-	-	-	-	
Dams & Reservoirs								
Water purification								
Reticulation								
<b>Infrastructure: Sanitation - Total</b>	-	-	-	-	-	-	-	
Reticulation								
Sewerage purification								
<b>Infrastructure: Other - Total</b>	-	-	-	-	-	-	-	
Waste Management								
Transportation								
Gas								
Other								
<b>Community - Total</b>	-	-	-	-	-	-	-	
Parks & gardens								
Sportsfields & stadia								
Swimming pools								
Community halls								
Libraries								
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries								
Social rental housing								
Other								

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Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-		-	-	-	-
Buildings							
Other							
<b>Investment properties - Total</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on new assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

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

T M.1

# Appendices

## APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<b>Heritage assets</b>	-	-		-	-	-	-
Buildings							
Other							

Table continued next page

# Appendices

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

# Appendices

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
R' 000					
<b>Water</b>					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
<b>Sanitation/Sewerage</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Electricity</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Housing</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Refuse removal</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Stormwater</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Economic development</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Sports, Arts &amp; Culture</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Environment</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Health</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Safety and Security</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>ICT and Other</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<i>T N</i>					



# Volume II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

# Volume II

ORGANISATIONAL ANNUAL PERFORMANCE

# Volume II

SEDIBENG DISTRICT MUNICIPALITY															
OFFICE OF THE MUNICIPAL MANAGER															
PERFORMANCE REPORTING FOR 2019/20 FINANCIAL YEAR															
Priority Area	IDP Strategy	IDP Objective	Objective No.	Key Performance Indicator (KPI)	KPI No	Baseline	Budget Amount	Funding Source	Annual Target	Actual Performance Achieved as at 30 June 2019	Achieved /Not Achieved	Reasons for Not Achieving the Target	Management Action	Actual Performance Achieved as at 30 June 2018	Percentage Achievement 30 June 2019
<b>KPAT: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>															
<b>IGR AND RISK MANAGEMENT</b>															
Inter-governmental Relations (IGR)	To facilitate co-operative government through communication, consultation and joint decision making	To promote co-operative government	D1	Number of IGR Forum Coordinated	D1.1	Two IGR Forums coordinated in the previous financial year	1 400 051	OPEX	Co-ordinate two Regional IGR Forums	1 of the 2 (50%) IGR forums was	Target Not Achieved	The IGR Forum planned for quarter 3 could not take place due to Covid-19 Lock down restrictions.	Management to review the New Ways of coordinating the work forums in order to strengthen relations with the local municipalities	Target Not Achieved	0,5
Risk Management	To Assess, identify, control and monitor the implementation of mitigation measures	To ensure that the municipality's risk and risk exposures are properly managed in order to minimize uncertainty and maximize business opportunities.	D2	Number of Risk Management Plans developed	D2.1	2017/2018 Risk Management Plan		OPEX	Develop one (1) 2019/20 Risk Management Plan and submit to Risk Management Committee for Approval	100% Achieved	N/A	N/A	N/A	100% Achieved	100% Achieved
				Number of Risk Assessments Conducted	D2.2	2017/2018 Risk Registers			Conduct One (1) Annual Strategic Risk Assessment and Report	One (1) Annual Strategic Risk As	100% Target achieved	N/A	N/A	100% Achieved	100% Achieved
<b>INTERNAL AUDIT</b>															
Audit Plan	Develop, implement and monitor Risk-based Internal Audit Coverage Plan	To provide reasonable assurance and independent opinions to management and council	D3	Number of Internal Audit Coverage Plans Developed	D3.1	2017/2018 Audit Plan	6 362 303	OPEX	Develop one (1) Risk-Based Internal Audit Coverage Plan	one (1) Risk-Based Internal Audit	100% Achieved	N/A	N/A	100% Achieved	100% Achieved
<b>SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN</b>															
SDBIP	Ensure measurable performance and transparent monitoring of the municipal performance.	To ensure Good Governance, Sound and Accountable Management practices	D4	Number of Service Delivery and Budget Implementation Plans(SDBIP) approved	D4.1	Reviewable of SDBIP		Internal	Review 2019/20 SDBIP	One (1) 2019/20 SDBIP Reviewed	100% Achieved	N/A	N/A	100% Achieved	100% Achieved
					D4.2	Development of SDBIP			Develop 1 (one)2020/21 SDBIP	One (1) 2020/21 SDBIP Develop	100% Achieved	N/A	N/A	100% Achieved	100% Achieved
<b>PERFORMANCE MANAGEMENT</b>															
PMS	Co-ordinate Performance Reporting, Monitoring and Evaluation	To promote a culture of accountability	D5	Number of Performance Management Review Reports Produced	D5.1	4 Performance monitoring and evaluation	999 244	OPEX	Produce 4 Performance Management Review Reports	Four 4 Performance Management	100% Achieved	N/A	N/A	100% Achieved	100% Achieved
<b>GOOD GOVERNANCE QUALITY ASSURANCE</b>															
Quality Assurance	Ensure necessary actions are taken against all findings raised by the Auditor General	To promote a culture of accountability	D6	Percentage of Auditor General findings resolved	D6.1	Percentage of implementation of Audit Action Plan	1 224 905	OPEX	Address 80% Auditor General Findings	66% of the 80% Target was achieved	Target Not Achieved	1) Management delayed response to remedial actions. 2) The Disaster Management Regulation and Covid-19 Lockdown restrictions.	1) Management to adopt the Operational Clean up framework. 2) Bi-Weekly update at the Manco Meetings 3) Quarterly Report to appropriate oversight structures of the	Target Not Achieved	
	Co-ordinate Municipal Reporting	To ensure clean accountable and transparent governance	D7	Number of Annual Reports submitted to Auditor General and Council	D7.1	2017/18 Annual Report			Develop and Submit One (1) 2018/19 Annual Report to council	One Annual Report developed as	100% Achieved	N/A	N/A	100% Achieved	100% Achieved
<b>LEGAL SERVICES</b>															
Contract Management	Oversee the implementation of contract management by clusters	To provide legal advice to management and council	D9	Number of contract management oversight reports produced	D9.1	Four Contract management oversight reports in 2018/19 financial year		SPEA	Oversee the implementation of contract management and report quarterly	2 of the 4 Contract Management	Target Not Achieved	1) The Disaster Management Regulation and Covid-19 Lockdown restrictions.	Management to adopt new ways of conducting the Contract Management workshops in order to solicit and compile and submit the quarterly oversight reports on time.	100% Achieved	100% Achieved
<b>2019/20 PERFORMANCE SUMMARY 2019_20</b>															
Total Targets 10															
Targets Achieved 7															
Total Achievement 70%															



SEBENI DISTRICT MUNICIPALITY															
FINANCE CLUSTER - CUSTODIAN: CHIEF FINANCIAL OFFICER															
PERFORMANCE REPORTING FOR 2019/20 FINANCIAL YEAR															
Priority Area	IDP Strategy	IDP Objective	Objective No.	Key Performance Indicator (KPI)	KPI No.	Baseline	Budget Amount	Funding Source	Annual Target	Actual Performance Achieved as at 30 June 2020	Achieved /Not Achieved	Reasons for Not Achieving the Target	Management Action	Actual Performance Achieved as at 30 June 2019	Achieved/Not
<b>NPA 2 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>															
<b>OFFICE OF THE CHIEF FINANCIAL OFFICER</b>															
Implementation of MSCOA reforms	Progressive Compliance with MSCOA regulations	To ensure successful implementation of the MSCOA regulations	F1	Percentage of transacting on MSCOA posting accounts	F1.1	100% Compliance in the Previous Finance	-	OPEX	Implement 100% of MSCOA Regulations on account posting of transactions	100% of MSCOA Regulations implemented on account posting of transactions for the FY	Target Achieved	N/A	N/A	100% Target was achieved as MSCOA was complied with in the financial and accounting transactions for the FY	100% Target Achieved
<b>FINANCIAL MANAGEMENT AND BUDGETS</b>															
Municipal budget	Compile a realistic and funded budget	To provide a realistic financial planning of the municipality	F2	Number of municipal budgets approved	F2.1	One (1) annual municipal budget in the previous financial	11,291,923	OPEX	Compile one (01) annual budget and submit to Council for approval	100% of Target was achieved as 1 Budget was submitted and approved by council	Target Achieved	N/A	N/A	100% Target was achieved as one (01) annual budget was submitted to council for approval	100% Target Achieved
Procurement Plan	Development of an annual Procurement Plan	To determine procurement requirements and timeframes	F3	Number of Procurement plans submitted to National Treasury	F3.1	One (01) annual Capex Procurement plan submitted to National Treasury in the previous financial year			Submit (01) one Annual CAPEX Procurement Plan to National Treasury	100% of Target was achieved as 1 Annual Capex Procurement plan was submitted to National Treasury	Target Achieved	N/A	N/A	100% Target was achieved as one (1) Procurement plan was developed and submitted to National Treasury	100% Target Achieved
Cost Containment	Implement Cost Containment Strategy	To promote sound financial administration practices	F4	Percentage of cost saving realised	F4.1	5% cost saving realised in the previous financial year			Realise 1% of total annual saving on operating budget within general expenses and produce four reports	The Target of 100% was achieved as 1% Saving on Operational Budget was attained	Target Achieved	N/A	N/A	100% Target Achieved as 5% saving was achieved on operating budget within general expenses	100% Target Achieved
Municipal Tariffs	Review tariff structure and income generating tariffs	To review the effectiveness of the existing tariff structures and the need for restructuring	F5	Number of municipal tariff reviews conducted	F5.1	One (1) Review of tariff structures conducted in the previous financial year			Review tariffs for the 2020/21 financial year and submit to Council for approval	The Target of 100% as 1 set of revised tariffs was reviewed and submitted to council	Target Achieved	N/A	N/A	100% Target Achieved as the tariffs for the 2019/20 financial year was reviewed and approved by Council	100% Target Achieved
<b>SUPPLY CHAIN MANAGEMENT</b>															
GEYODI Compliance	Monitor adherence to GEYODI	To adhere to GEYODI requirements	F6	Percentage of jobs awarded to people with disability	F6.1	0,4% jobs awarded to people with disabilities (PwDs) on the previous financial year	2,667,380	OPEX	0,5% of total annual jobs awarded and services rendered by people with disabilities and produce one report	Only 0,5% of the 1% of jobs awarded to people with disability was achieved.	Not Achieved	Although Management has indicated that the targets for KPA's were met, it is still a challenge to verify the accuracy of the information presented as PwE. The Targets are not clearly articulated in the sense they are not clear whether they are measure accumulatively per annum. These were in the following areas: % of jobs awarded to People with disability = 5%	Management to review their targets to be clearly articulated, especially for measurability. The changes would reflected in the revised SDBIP.	Only 0,5% of the 1% of jobs awarded to people with disability was achieved.	Not Achieved
				Percentage of jobs awarded to women owned businesses	F6.2	15% jobs awarded to women owned businesses in the previous financial year			15% of total annual jobs awarded and services rendered by women and produce one report	100% Target Achieved as 15% of annual jobs awarded and services rendered by women	100% Target Achieved	N/A	N/A	100% Target Achieved as 15% of annual jobs awarded and services rendered by women	100% Target Achieved
				Percentage (%) of jobs awarded to Youth owned businesses to date	Equitable Share	4% of jobs awarded to youth owned businesses in the previous financial year			4% of total annual jobs awarded and services rendered by youth and produce one report	100% Target Achieved as 4% of annual jobs awarded and services rendered by youth	100% Target Achieved	N/A	N/A	100% Target Achieved as 4% of annual jobs awarded and services rendered by youth	100% Target Achieved
				Percentage of jobs awarded to local SMME's and Co-ops	F6.4	30% jobs awarded to local SMME's and Co-ops in the previous financial year			30% of total annual jobs awarded and services rendered by SMME's and Cooperatives and produce one report	100% Target Achieved as 30% of annual jobs awarded and services rendered by SMME's and Cooperatives	100% Target Achieved	N/A	N/A	100% Target Achieved as 30% of annual jobs awarded and services rendered by SMME's and Cooperatives	100% Target Achieved
<b>PERFORMANCE SUMMARY 2019_20</b>															
Targets Planned											9				
Targets Achieved											8				
Total Achievement											89%				

# Volume II

SEDIBENG DISTRICT MUNICIPALITY															
CORPORATE SERVICES CLUSTER - CUSTODIAN - EXECUTIVE DIRECTOR															
PERFORMANCE REPORTING FOR 2019/20 FINANCIAL YEAR															
Priority Area	IDP Strategy	IDP Objective	Objective No:	Key Performance Indicator (KPI)	KPI No:	Baseline	Budget Amount	Funding Source	Annual Target	Actual Performance	Achieved /Not Achieved	Reasons for Not Achieving	Management Action	Actual Performance	Percentage Achievement 30 June 2019
<b>KPA 5: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT</b>															
<b>INFORMATION TECHNOLOGY</b>															
ICT Steering Committee	World Class ICT Infrastructure In support of smart Sedibeng Region	To provide oversight to ICT operations	11	Number of ICT Steering Committee Recommendations Implemented	11.1	Previous reports of ICT Steering Committee meetings are available	22 602 343	OPEX	Implement 12 ICT Steering Committee Recommendations	6 of the 12 (50%)	Target Not Achieved	Appointment letters prepared for members, awaiting approval of letters	Under lockdown restrictions it is not envisioned that this meeting will sit in Q4	60% of ICT Steering Committee Resolutions	100% Target Achieved
Optic Fibre Project	To maintain and monitor Optic Fibre functionality	To ensure effective coverage of optic fibre	12	Number of Report on Optic Fibre Functionality	12.2	Previous report on the Optic Fibre Functionality			Provide Four (4) reports on Optic Fibre Functionality	Four (4) of the	100% Target Achieved	N/A	N/A	100% Target Achieved	100% Target Achieved
ICT Shared services	Share ICT services with Local Municipalities	To manage ICT-related shared Service level agreements	13	Number of Reports on Local Municipalities Utilising Sedibeng's ICT services	13.1	ICT Shared Services SLA			To provide Shared ICT Services to two (2) LM's and Report Quarterly	ICT Shared se	100% Target Achieved	N/A	N/A	100% Target Achieved	100% Target achieved
<b>HUMAN RESOURCES</b>															
Human Resource Strategy	To monitor implementation of the approved HR strategy	To ensure effective and competent staff	14	Number of Report on Implementation of HR strategy	14.1	Approved Human Resource Strategy	9 371 168	OPEX	Implement HR strategy and report Quarterly (4 Reports)	Not Achieved	Not Achieved			1 Skills Development and Training plan was developed	100% Target Achieved
Local Labour Forum	To deliberate on issues affecting employees and management	To promote good labour relations	15	Number of LLF meetings resolutions Implemented	15.1	2018/19 Resolutions		OPEX	Implement Twelve(12) Local Labour Forum Resolutions	Not Achieved	Not Achieved	No meeting was held in this Quarter			
<b>COUNCIL SECRETARIAT SERVICES</b>															
Method used to record, minute and file Council sitting activities	Provide secretariat services to council and its committees	Provide administrative support to council and its committees	16	Number of updated council resolution registers monitored	16.1	2018/19 Resolutions Register	Internal	OPEX	Update and Monitor One (1) Council Resolution register	1 council resol	100% Target Achieved	N/A	N/A	100% Target Achieved	100% Target Achieved
<b>FACILITIES</b>															
General Repairs and Maintenance Plan	Develop and maintain high quality municipal facilities	To review and implement General Repairs and Maintenance Plan	17	Number of General Repairs and Repairs plans approved	17.1	2018/19 Repairs and Maintenance plan	16 259 174	OPEX	Develop one (1) General Maintenance & Repairs Process Plan	0 General Ma	Target Not Achieved	Section 80 committee was postponed due to politicians other compelling priorities. Awaiting Section 80 & Council meetings	To be submitted on the second Quarter	1 Approved General Maintenance & Repairs Process Plan	100% Target Achieved
				Number of General Maintenance and Repairs plans reports produced	17.2	Four (4) 2018/19 Repairs and Maintenance Reports			Provide Four (4) Reports on General Repairs and maintenance	Four (4) of the	100% Target Achieved	N/A	N/A	1 General Repairs and Maintenance Plan per quarter were implemented and reported to Council for noting.	100% Target Achieved
<b>FLEET MANAGEMENT</b>															
Fleet Management	Maintain High Quality Municipal Fleet	To manage and monitor Integrated Fleet Management operations	18	Number of Fleet Management plans approved	18.1	One (1) Fleet Management reports from the previous financial year	4 437 798	OPEX	0 Fleet Management produced	Target Not achieved	Target Not achieved	Section 80 committee was postponed due to politicians other compelling priorities. Awaiting Section 80 & Council meetings	To be submitted on the second Quarter	100% Achieved	100% Achieved
				Number of Fleet Management reports produced	18.2	Four (4) Fleet Management reports from the previous financial year			Implement Fleet management plan and report Quarterly	4 Quarterly Re	100% Target Achieved	N/A	N/A	100% Achieved	
<b>INTERNAL PROTECTION SERVICES</b>															
Internal Protection Services	Provide Protection Services for public, employees and Councilors entering and using the municipality facilities and buildings	To safeguard the council assets, councilors and employees.	19	Number of criminal offenses within the municipality reduced (in relation to safeguarding of assets and employee security)	19.1	10 incidents reported in the previous financial year	29 574 782	OPEX	Provide Four(4) reports on security services	Four (4) Secu	100% Target Achieved	N/A	N/A	100% Achieved	100% Achieved
<b>RECORDS MANAGEMENT</b>															
Records Management	Effective management of Council Business	To implement Records Management System	110	Number of records Management reports produced	110.1	Approved Records Management Strategy	Internal	OPEX	Provide 4 Records management reports	One of (1) of the	Target Not Achieved	Under lockdown restrictions it is not envisioned that this will happen		100% Achieved	100% Achieved
<b>INTERNAL COMMUNICATIONS</b>															
Internal Communications	Effective	To maintain a	111	Number of website	111.1	12 Compliance	Internal	OPEX	Monitor municipal	Four (4) of the	100% Target		N/A	N/A	New Target

# Volume II

SEDIBENG DISTRICT MUNICIPALITY															
TRANSPORT, INFRASTRUCTURE AND ENVIROMENT - CUSTODIAN: EXECUTIVE DIRECTOR															
PERFORMANCE REPORTING FOR 2019/20 FINANCIAL YEAR															
Priority Area	IDP Strategy	IDP Objective	Objective No.	Key Performance Indicator (KPI)	KPI No.	Baseline	Budget Amount	Funding Source	Annual Target	Actual Performance Achieved as at 30 June 2019	Achieved /Not Achieved	Reasons for Not Achieving the Target	Management Action	Actual Performance Achieved as at 30 June 2018	Percentage Achievement 30 June 2019
<b>KPA 4: BASIC SERVICES AND INFRASTRUCTURE</b>															
<b>TRANSPORT</b>															
Development of Integrated Transport Plan (ITP)	Plan and develop accessible, safe and affordable public transport systems and facilities.	To promote efficient and effective Integrated Service that addresses the socio-economic and environmental development imperatives of the region	G1	Number of Integrated Transport Plan's (ITP) reviewed and approved by council	G1.1	Outdated Integrated Transport Plan (ITP)	R 1,3m in kind	Gauteng Department of Roads & Transport	Review Integrated Transport plan and submit to council for approval	The Target was not achieved as	Not Achieved	Draft ITP had to be taken for Public participation, this could not happen due to Covid 19 regulations prohibiting public meetings	Alternative methods of public participation to be considered	The Target was not achieved as the Plan was developed but not taken to Council for approval	Not Achieved
Airport	To monitor the operations of the airport	To provide self-sustainable airport services	G2	Number of reports in Airports Operations	G2.1	New	R 6 319 413	OPEX	Monitor Operations of the airport and produce four reports	The Target was Achieved as F	100% Target Achieved	N/A	N/A	100% Target Achieved	100% Target Achieved
<b>INFRASTRUCTURE</b>															
Regional Infrastructure Projects	Plan for effective, efficient and sustainable infrastructural projects, water and sanitation services, and provision of electricity	To ensure effective delivery of infrastructure services	G3	Number of Regional Infrastructure Projects monitored	G3.1	Bi-annual reports per projects were tabled to council	R 7 580 000	Internal	Monitor implementation of one (1) regional infrastructure project and report bi-annually	The Target was 100% Achieved	100% Target Achieved	N/A	N/A	100% Target Achieved	100% Target Achieved
Rural roads Asset Management System	Assist the municipality in setting up their road asset management system, and collect roads, bridges and traffic data on the municipal road networks			Number of reports on Rural Roads Asset Management System	G3.2	Four reports in the previous financial year		RRAMS Grant	Monitor progress on development of Rural Roads Asset Management System and report Quarterly (4 reports)	Target Achieved	100% Target Achieved	N/A	N/A	Target not achieved due lack of proper signatures. Monthly reports are in place	Not Achieved
<b>LICENSING</b>															
License Service Centres	Render effective, efficient and customer oriented licensing services in the region	To ensure effective delivery of licensing services	G4	Number of reports on implementation of Licensing Services.	G4.1	Four (4) reports in 2017/18 Financial year	R 64 841 347	Department of Roads & Transport/OPEX	Produce four reports on implementation of Licensing Services	The Target of 100% was achieved	100% Target Achieved	N/A	N/A	The 100% Target was achieved as progress on the implementation of licensing functionality was monitored and reported on annually.	100% Target Achieved
<b>ENVIRONMENT</b>															
Air Quality	Implementation of effective environment management in the Sedibeng District	To promote efficient and effective Integrated Service that addresses the socio-economic and environmental development imperatives of the region	G5	Number of reports on Ambient Air Quality monitoring station	G5.1	No Air Quality Management Plan	R 1 355 540	OPEX	Produce four reports on Ambient Air Quality monitoring stations	The Target of 100% was achieved	100% Target Achieved	N/A	N/A	The 100% Target was achieved as reports on ambient quality monitoring station saws produced for all the 4 quarters.	100% Target Achieved
Environmental Awareness				Number of Environmental Awareness Campaigns	G6.1	Four (4) Campaigns on 2017/18	R 1 287 232		Conduct Four (4) Environmental Awareness Campaigns	only 2 of the 4 (50%) Targeted	Not achieved	The Covid 19 regulations prohibits gathering of more than 50 people	Alternative methods of awareness to be considered the 2020/2021 financial year	100% Target Achieved	100% Target Achieved
Municipal Health Services	Ensure a safe and healthy environment for people to live and work in and reduce	To promote efficient and effective Integrated Service that addresses the socio-economic and	G7	Percentage of compliance to Municipal Health Norms and	G7.1	88% Compliance Achieved in 2017/2018	R 20 897 654		Render Municipal Health Services at 50% compliance with National Health	Target Achieved	Target Achieved	N/A	N/A	Target Exceeded by 42% form 50% set to 92% actual achieved	N/A

# Volume II

SEDIBENG DISTRICT MUNICIPALITY															
STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT - CUSTODIAN - EXECUTIVE DIRECTOR															
PERFORMANCE REPORTING FOR 2019/20 FINANCIAL YEAR															
Priory Area	IDP Strategy	IDP Objective	Objective No.	Key Performance Indicator (KPI)	KPI No.	Baseline	Budget Amount	Funding Source	Annual Target	Actual Performance Achieved as at 30 June 2019	Achieved /Not Achieved	Reasons for Not Achieving the Target	Management Action	Actual Performance Achieved as at 30 June 2018	Percentage Achievement 30 June 2019
<b>KPA 2: LOCAL ECONOMIC DEVELOPMENT</b>															
<b>INTEGRATED DEVELOPMENT PLAN (IDP)</b>															
GDS III	Consolidate, Review and monitor Growth and Development Strategy (GDS)	To co-ordinate the implementation of Regional Growth and development strategy	E1	Number of Reports on Growth and Development Strategy	E1.1	2017/2018 Progress report on GDS III	R 2 379 105	OPEX	Produce Four (4) reports on Growth and Development Strategy	Four (4) reports on Growth and Development Strategy	100% Target achieved	N/A	N/A	The target was not achieved as the GDS strategy was not complete. Management cited this was due to co-ordination challenges between themselves and the services outsourced to external service providers.	Target Not Achieved.
IDP	Coordinate developmentally-oriented municipal planning	To determine and plan for the developmental needs of the people of Sedibeng District Municipality	E2	Number of Integrated Development Plans developed	E2.1	2019/2020 IDP			Develop one (1) approved DP	One (1) IDP developed and approved	100% Target achieved	N/A	N/A	The target of develop one (1) IDP Process Plan was achieved. The DP was also submitted to council for approval	100% Target Achieved
<b>DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS</b>															
Development of Spatial Development Framework	Review of sector strategic planning and strategies	To ensure coherent strategic planning through Spatial Development Framework (SDF)	E3	Number of sector Development Plans reviewed	E3.1	1 Spatial Development Framework adopted in 2015/2017/18 SDF	R 1 002 603	OPEX	Review one SDF and submit to council for approval	Target of 100% was achieved	100% Target Achieved	N/A	N/A	Target of 100% was achieved as the SDF forms of and is submitted to council for approval as part of the DP.	100% Target Achieved
Housing and Urban Renewal programme	Promote Urban Renewal and modernize urban development	To redress the spatial distortions of the Region	E4	Number reports on Housing and urban renewal programmes coordinated	E4.1	Housing and urban renewal programmes coordinated in the previous financial year			Co-ordinate and produce four (4) reports on housing and urban renewal programmes	Target of 100% was achieved	100% Target Achieved	N/A	N/A	Target was not Achieved	Not Achieved
Regional Southern Corridor Projects reporting.	Co-ordinate the development of the Regional Southern Corridor	Promote Regional Economic Development	E5	Number of reports on the implementation plans of Regional Southern Corridor (RSC) Projects	E5.1	Southern Corridor Regional Implementation Plan.			Coordinate and produce four (4) reports on (RSC) Projects	Target of 100% was achieved	100% Target Achieved	N/A	N/A	Target of 100% was achieved as the Coordination and the implementation of the Southern Corridor Regional Implementation Plans were achieved and four reports were produced in the FY.	100% Target Achieved
SPLUMA Implementation	To assist the Region to address past spatial imbalances and land-use management	To provide inclusive developmental, equitable and efficient spatial planning of the Region	E6	Number of reports on implementation of SPLUMA in the Region	E6.1	SPLUMA			Coordinate the implementation of SPLUMA in the region and report quarterly	The Target of 100% to Coordinate	100% Target Achieved	N/A	N/A	Target of 100% was achieved as the Coordination and the implementation of the Southern Corridor Regional Implementation Plans were achieved and four reports were produced in the FY.	100% Target Achieved
<b>LOCAL ECONOMIC DEVELOPMENT</b>															
EPWP	Creating work opportunities in public social programmes	To create decent work & sustainable livelihoods.	E8	Number Expanded Public Works Program (EPWP) beneficiaries employed	E8.1	92 EPWP beneficiaries employed in the previous financial year	R 1 173 000	OPEX/EPWP Grant	Employ 55 EPWP beneficiaries	The Target of 100% to Coordinate	100% Target Achieved	N/A	N/A	The Target of 100% to Coordinate the Implementation of SPLUMA in the region was achieved four reports were produced for the FY.	100% Target Achieved
SMME and Cooperatives Development	Coordinate support to local to SMMEs (small emerging Farmers) and Cooperatives			Number of SMMEs and Cooperatives capacitated	E8.2	50 Cooperatives and SMMEs trained in the previous financial year			Coordinate support to Capacitate four (4) SMMEs (small emerging Farmers) and Co-ops	Target Not Achieved	Target Not Achieved	No training conducted due to Covid-19 lock down period	The department will find mean of conducting training taking into incognisance the COVID-19 conditions	Only target of 92% was achieved, due to budget allocation constraints.	Target Not Achieved
<b>TOURISM</b>															
Tourism Demand	Participation in Provincial marketing initiatives	To create Tourism demand in the region	E9	Number of reports on marketing and Tourism Initiatives participated	E9.1	Participated in Four Tourism Initiatives in the previous financial year	R 3 276 664	OPEX	Identify and participate in one (1) Marketing and Tourism initiative and produce one report	100% Target Achieved as a result of	100% Target Achieved	N/A	N/A	100% Target Achieved	100% Target Achieved
Tourism Supply	Development of product and skills in the tourism	To promote and Develop Tourism	E10	Number of reports on development and	E10.1	Four Awareness programmes in			Facilitate four (4) skills development and	100% Target Achieved as a result of	100% Target Achieved	N/A	N/A	100% Target Achieved	100% Target Achieved

# Volume II

COMMUNITY SERVICES - CUSTODIAN: EXECUTIVE DIRECTOR															
Priority Area	IDP Strategy	IDP Objective	Objective No:	Key Performance Indicator	KPI No.	Baseline	Budget Amount	Funding Source	Annual Target	Actual Performance Achieved as at 30 June 2019	Achieved /Not Achieved	Reasons for Not Achieving the Target	Management Action	Actual Performance Achieved as at 30 June 2018	Percentage Achievement 30 June 2019
<b>KPA 4: BASIC SERVICES AND INFRASTRUCTURE</b>															
<b>COMMUNITY SAFETY</b>															
Community Safety Programmes	To implement community safety programmes	To promote and build safer communities	H1	Number of Community Safety Programmes implemented	H1.1	2018/19 Community safety Reports	R 3 321 124	OPEX	Implement Twelve (12) Community Safety Programmes and report	100% of Target was achieved as 12 Community Safety Programmes and report were co-ordinated	100% Target Achieved	N/A	N/A	100% of Target was achieved as 12 Community Safety Programmes and report were co-ordinated	Target Achieved
<b>DISASTER MANAGEMENT</b>															
Disaster management awareness	To conduct community awareness campaigns	To promote disaster resilient communities	H2	Number of Disaster Management awareness programmes conducted	H2.1	Four (4) Awareness campaigns in 2018/19	R 3 756 013	OPEX	Conduct four (4) Public Disaster Management awareness programmes and report	100% of Target was achieved as 4/4 Public Disaster Management awareness Programmes was achieved	Target Achieved	N/A	N/A	100% of Target was achieved as 12 Community Safety Programmes and report were co-ordinated	Target Achieved
<b>HEALTH AND SOCIAL DEVELOPMENT</b>															
District Health Council Activities	Promote the efficient delivery of Primary Health Care	To ensure effective Service Delivery	H3	Number of Primary District Health Council Meetings coordinated	H3.1	Three (3) District Health Council Meetings On 2018/19 financial year	R 12 321 182	OPEX	Coordinate three (3) District Health Meetings	100% Target Achieved	N/A	N/A	N/A	The Target of 66% was not achieved for the coordination of the Primary Health Care Programmes	Target Not Achieved
Women and Gender Programmes	Encourage women to take charge of their lives	To provide women empowerment platforms	H4	Number of Women and Gender Programmes implemented	H4.1	Three (3) Women and Gender Programmes in 2018/19 Financial year			Conduct three (3) Women and Gender Programmes	The Target of 100% was achieved as three (3) out of Three (3) Women Gender Based Programmes were coordinated and three (3) reports were produced	100% Target Achieved	N/A	N/A	The Target of 100% was achieved as three (3) out of Three (3) Women Gender Based Programmes were coordinated and three (3) reports were produced	100% Target Achieved
<b>SPORTS, ARTS &amp; CULTURE</b>															
Sports and Recreation Programmes	Provide developmental Sports, Arts and Cultural Programs	To improve their quality of lives for the people of the region	H8	Number of Sports development programmes coordinated	H8.1	Four (4) Programmes in the previous financial year	R 15 199 163	OPEX	Coordinate (4) Developmental Sports Programmes	Target Not Achieved	Target Not Achieved	Not Achieved	Disaster Management Act Regulations - Covid 19 Lockdown restrictions	100% Target Achieved. Four (4) of the Developmental Sports Programmes were Coordinated/	100% Target Achieved
Arts and Culture Programmes				Number of Arts and Cultural programmes coordinated	H8.2	Four (4) Programmes in the previous financial year			Coordinate Four (4) Arts and Culture Programmes a	Target Not Achieved	Target Not Achieved	Not Achieved	Disaster Management Act Regulations - Covid 19 Lockdown restrictions	100% Target Achieved as 4 Arts and Culture Programmes were coordinated	100% Target Achieved
				Number of Craft Hun Programmes co-ordinated	H8.3	Two (2) Craft Hub Programmes Coordinated			Co-ordinate two (2) Craft Hub Programmes	One (1) of the Two (2) Craft Hun Programmes were co-ordinated.	Target Not Achieved	Not Achieved	Disaster Management Act Regulations - Covid 19 Lockdown restrictions		
<b>Q4 PERFORMANCE SUMMARY</b>															
Targets Planned 7															
Targets Achieved 4															
Percentage Achieved 57%															



**Sedibeng District Municipality  
Annual Financial statements  
for the year ended 30 June, 2020**

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## General Information

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<b>Nature of business and principal activities</b>	District Municipality – DC42
<b>Capacity of Municipality</b>	Medium capacity municipality
<b>Accounting Officer</b>	Mr. S. Khanyile - deceased 03 October 2020
<b>Chief Financial Officer</b>	Mr. J Kasvosve – resigned 31 October 2019 Mrs. KZ Wiese – Acting November 2019 to 16 December 2019 Mr. CE Steyn – Acting from 17 December 2019 to current
<b>Registered office</b>	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
<b>Business address</b>	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
<b>Postal address</b>	PO Box 471 Vereeniging 1930
<b>Bankers</b>	Nedbank (Primary Account) Standard Bank (previous primary banker)
<b>Auditors</b>	Auditor-General of South Africa
<b>Executive Mayor</b>	Councillor BJ Modisakeng – Deceased 07 January 2021
<b>Speaker</b>	Councillor AC Mosai
<b>Chief Whip</b>	Councillor SA Mshudulu
<b>Members of Mayoral Committee</b>	Councillor PB Tsotetsi Councillor MD Raikane Councillor TS Maphalla Councillor LSA Gamede Councillor NG Hlongwane Councillor ML Khomoeasera Councillor YJ Mahommed Councillor JM Dlangamandla

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### **Abbreviations**

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MMC	Member of the Mayoral Committee
MFMA Act	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment
SCM	Supply Chain Management



# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Accounting Officer's Responsibilities and Approval

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The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

Every effort has been made to implement the austerity measures which has resulted in restriction of expenditure in certain areas in the financial statements.

We realized that it cannot be business as usual, the District Municipality will have to reduce the list of operations especially the employee cost.

The financial statements set out on pages 4 to 54, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 October, 2020 and were signed on its behalf by:

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**Mr. JZ Majola**  
**Acting Municipal Manager**

**NB: The accounting officer Mr. S Khanyile has passed on on the 3<sup>rd</sup> October 2020.**

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2020

### 1. Incorporation

The municipality was incorporated on 1 January 1988 and obtained its certificate to commence business on the same day.

### 2. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had accumulated deficit of R 95,566,624 [95,263,417 in 2019] and that the municipality's total liabilities exceed its assets by R 95,566,624.

The ability of the municipality to continue as a going concern is dependent on a number of factors. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

We draw further attention to the fact that at 30 June, 2020, the municipality's current liabilities exceed its current assets with 203,247,368. The municipality also had operating deficit in the current financial year of R 52,710,333 (previous financial year loss of R 49,069,418) which resulted in a decrease in the net asset value.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern and in line with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 4. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mr Stanley Khanyile	RSA

### 5. Bankers

Nedbank Ltd is the appointed Municipality's primary banker.

### 6. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Statement of Financial Position as at 30 June, 2020

Figures in Rand	Note(s)	2020	2019 as restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	5	473,422	503,782
Receivables from exchange transactions	6	4,436,430	6,828,904
VAT receivable	7	-	127,318
Cash and cash equivalents	8	16,130,871	21,504,302
		<b>21,040,723</b>	<b>28,964,306</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2	100,648,916	116,939,164
Intangible assets	3	2,136,887	3,734,337
Heritage assets	4	4,894,941	4,894,941
		<b>107,680,744</b>	<b>125,568,442</b>
<b>Total Assets</b>		<b>128,721,467</b>	<b>154,532,748</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Unspent conditional grants and receipts	9	13,713,315	12,526,313
Operating lease liability		258,653	170,210
VAT payable	11	83,780	
Payables from exchange transactions	10	210,232,344	237,099,642
<b>Total Current Liabilities</b>		<b>224,288,092</b>	<b>249,796,165</b>
<b>Total Liabilities</b>		<b>224,288,092</b>	<b>249,796,165</b>
<b>Net Assets</b>		<b>(95,566,624)</b>	<b>(95,263,417)</b>
Net Assets			
Accumulated (deficit) /surplus		(95,566,624)	(95,263,417)

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 as restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods		3,093,395	4,134,504
Rental of facilities and equipment	13	421,549	723,618
Agency services	14	62,929,418	76,390,440
Other income	16	1,408,127	3,086,087
Interest received - investment	18	3,307,133	2,944,162
Commission received	15	4,456,488	6,174,438
Gain on disposal of assets and liabilities		-	3,147
<b>Total revenue from exchange transactions</b>		<b>75,616,110</b>	<b>93,456,396</b>
<b>Revenue from non-exchange transactions</b>			
<b>Non-exchange revenue</b>			
Licenses and permits	15	1,445,000	125,000
Government grants & subsidies	20	284,387,586	277,892,099
<b>Total revenue from non- exchange transactions</b>		<b>285,832,586</b>	<b>278,017,099</b>
<b>Total revenue</b>	11	<b>361,448,696</b>	<b>371,473,495</b>
<b>Expenditure</b>			
Employee related costs	21	(277,980,897)	(264,063,505)
Remuneration of councillors	22	(13,197,742)	(13,347,978)
Depreciation and amortisation	23	(17,321,606)	(16,205,266)
Lease rentals on operating lease	24	(7,425,027)	(8,090,125)
Debt Impairment	25	-	(8,777,064)
Contracted services	26	(48,381,546)	(58,519,037)
Transfers and Subsidies	19	(8,366,123)	(9,461,526)
Loss on disposal of assets and liabilities		(853,410)	
Impairment loss		(325,163)	
Inventory losses/ write-downs		(283,588)	(101,599)
Sale of goods/Inventory	28	(2,626,483)	(3,619,250)
General Expenses	27	(37,397,444)	(38,357,563)
<b>Total expenditure</b>		<b>(414,159,029)</b>	<b>(420,542,913)</b>
<b>Operating surplus / (deficit) for the year</b>		<b>(52,710,333)</b>	<b>(49,069,418)</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
<b>Opening balance as previously reported</b>		<b>(65,938,600)</b>	<b>(65,938,600)</b>
Correction of error on noncurrent assets	34.1	-	-
Correction of errors	34.1	19,744,593	19,744,593
<b>Balance at 1 July, 2018 as restated*</b>		<b>(46,194,007)</b>	<b>(46,194,007)</b>
Changes in net assets			
Surplus (Deficit) for the year		(49,069,418)	(49,069,418)
Revalued on Heritage assets		-	-
<b>Total recognised income and expenses for the year</b>		<b>(49,069,418)</b>	<b>(49,069,418)</b>
<b>Opening balance as previously reported</b>		<b>(114,572,595)</b>	<b>(114,572,595)</b>
Correction of error on noncurrent assets	34.1	-	-
Correction of errors	34.1	19,309,173	19,309,173
<b>Balance at 1 July, 2019 as restated*</b>		<b>(95,263,245)</b>	<b>(95,263,245)</b>
Reversal of impairment	34.2	52,407,126	52,407,126
Surplus (Deficit) for the year		(52,710,333)	(52,710,333)
<b>Total recognised income and expenses for the year</b>		<b>(303,207)</b>	<b>(303,207)</b>
<b>Balance at 30 June, 2020</b>		<b>(95,566,624)</b>	<b>(95,566,624)</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Cash Flow Statement

Figures in Rand

	Note(s)	2020	2019 as restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants & subsidies		283,829,152	275,700,609
Interest income		3,307,133	2,944,162
Other receipts		28,840,096	13,810,499
License Receipts		213,789,218	282,365,920
		<b>529,765,599</b>	<b>574,821,190</b>
<b>Payments</b>			
Employee costs		(291,178,640)	(275,369,136)
Suppliers		(112,575,544)	(115,493,422)
Licensing Authority		(130,772,369)	(175,818,611)
		<b>(534,526,553)</b>	<b>(566,681,169)</b>
<b>Net cash flows from operating activities</b>	30	<b>(4,760,954)</b>	<b>8,140,021</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(629,981)	(1,529,507)
Proceeds from sale of property, plant and equipment		47,933	66,041
Purchase of other intangible assets	3	(30,429)	(2,000,425)
<b>Net cash flows from investing activities</b>		<b>(612,477)</b>	<b>(3,463,891)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5,373,431)</b>	<b>4,676,130</b>
Cash and cash equivalents at the beginning of the year		21,504,302	16,828,172
<b>Cash and cash equivalents at the end of the year</b>	8	<b>16,130,871</b>	<b>21,504,302</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
<b>Statement of Financial Performance</b>					
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	3,780,000	-	<b>3,780,000</b>	3,093,395	<b>(686,605)</b>
Rental of facilities and equipment	772,440	(51,743)	<b>720,697</b>	421,549	<b>(299,148)</b>
Agency services	87,676,451	-	<b>87,676,451</b>	62,929,418	<b>(24,747,033)</b>
Commissions received	7,503,156	-	<b>7,503,156</b>	4,456,488	<b>(3,046,668)</b>
Other income - (rollup)	828,308	5,000	<b>833,308</b>	1,408,127	<b>574,819</b>
Interest received - investment	1,995,000	620,234	<b>2,615,234</b>	3,307,133	<b>691,899</b>
<b>Total revenue from exchange transactions</b>	<b>102,555,355</b>	<b>574,491</b>	<b>103,128,846</b>	<b>75,616,110</b>	<b>(27,512,736)</b>
<b>Revenue from non-exchange transactions</b>					
Recoveries	-	-	-	-	-
Licenses and permits	1,575,000	-	<b>1,575,000</b>	1,445,000	<b>(130,000)</b>
Government grants & subsidies	301,540,826	(14,881,000)	<b>286,659,826</b>	284,387,586	<b>(2,272,240)</b>
<b>Total revenue from non-exchange transactions</b>	<b>303,115,826</b>	<b>(14,881,000)</b>	<b>288,234,826</b>	<b>285,832,586</b>	<b>(2,402,870)</b>
<b>Total revenue</b>	<b>405,671,181</b>	<b>(14,307,509)</b>	<b>391,363,672</b>	<b>361,448,696</b>	<b>(29,914,976)</b>
<b>Expenditure</b>					
Personnel	(276,024,667)	2,226,253	<b>(273,798,414)</b>	(277,980,897)	<b>(4,182,483)</b>
Remuneration of councillors	(13,979,511)	266,103	<b>(13,713,408)</b>	(13,197,742)	<b>515,666</b>
Depreciation and amortisation	(11,620,103)	348,228	<b>(11,271,875)</b>	(17,321,606)	<b>(6,049,731)</b>
Transfer payments other	(15,000,000)	15,000,000	-	-	-
Lease rentals on operating lease	(8,271,843)	1,251,227	<b>(7,020,616)</b>	(7,425,027)	<b>(404,411)</b>
Contracted Services	(55,212,373)	6,111,369	<b>(49,101,004)</b>	(48,381,546)	<b>719,458</b>
Impairment loss	-	-	-	(325,163)	<b>(325,163)</b>
Transfers and Subsidies	(9,942,000)	893,913	<b>(9,048,087)</b>	(8,366,123)	<b>681,964</b>
Sale of goods/Inventory	(2,914,269)	-	<b>(2,914,269)</b>	(2,626,483)	<b>287,786</b>
General Expenses	(36,057,575)	1,714,979	<b>(34,342,596)</b>	(37,397,444)	<b>(3,054,848)</b>
<b>Total expenditure</b>	<b>(429,022,341)</b>	<b>27,812,072</b>	<b>(401,210,269)</b>	<b>(413,022,031)</b>	<b>(11,811,762)</b>
<b>Operating deficit</b>	<b>(23,351,160)</b>	<b>13,504,563</b>	<b>(9,846,597)</b>	<b>(49,481,041)</b>	<b>(39,634,444)</b>
(Loss)/Gain on disposal of assets and liabilities	100,000	-	<b>100,000</b>	(853,410)	<b>(953,410)</b>
Inventories losses/write downs	-	-	-	(283,588)	<b>(283,588)</b>
	<b>100,000</b>	-	<b>100,000</b>	<b>(1,136,998)</b>	<b>(1,236,998)</b>
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(23,251,160)</b>	<b>13,504,563</b>	<b>(9,746,597)</b>	<b>(52,710,333)</b>	<b>(42,963,736)</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	157,811	-	<b>157,811</b>	473,422	<b>315,611</b>
Receivables from exchange transactions	2,316,815	48,556,450	<b>50,873,265</b>	4,436,430	<b>(46,436,835)</b>
Cash and cash equivalents	27,045,334	-	<b>27,045,334</b>	16,130,871	<b>(10,914,463)</b>
	<b>29,519,960</b>	<b>48,556,450</b>	<b>78,076,410</b>	<b>21,040,723</b>	<b>(57,035,687)</b>

##### Non-Current Assets

Property, plant and equipment	98,473,808	532,713	<b>99,006,521</b>	100,648,916	<b>1,642,395</b>
Intangible assets	2,062,998	-	<b>2,062,998</b>	2,136,887	<b>73,889</b>
Heritage assets	4,894,941	-	<b>4,894,941</b>	4,894,941	-
	<b>105,431,747</b>	<b>532,713</b>	<b>105,964,460</b>	<b>107,680,744</b>	<b>1,716,284</b>

<b>Total Assets</b>	<b>134,951,707</b>	<b>49,089,163</b>	<b>184,040,870</b>	<b>128,721,467</b>	<b>(55,319,403)</b>
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#### Liabilities

##### Current Liabilities

Operating lease liability	-	170,210	<b>170,210</b>	258,653	<b>88,443</b>
Payables from exchange transactions	133,593,850	18,317,298	<b>151,911,148</b>	210,232,343	<b>58,321,195</b>
Vat payable	64,433	(64,433)	-	83,780	<b>83,780</b>
Unspent conditional grants and receipts	15,154,780	-	<b>15,154,780</b>	13,713,315	<b>(1,441,465)</b>
	<b>148,813,063</b>	<b>18,423,075</b>	<b>167,236,138</b>	<b>224,288,091</b>	<b>57,051,953</b>

<b>Total Liabilities</b>	<b>148,813,063</b>	<b>18,423,075</b>	<b>167,236,138</b>	<b>224,288,091</b>	<b>57,051,953</b>
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<b>Net Assets</b>	<b>(13,861,356)</b>	<b>30,666,088</b>	<b>16,804,732</b>	<b>(95,566,624)</b>	<b>(112,371,356)</b>
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#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	(13,861,356)	30,666,088	<b>16,804,732</b>	(95,566,624)	<b>(112,371,356)</b>
<b>Total Net Assets</b>	<b>(13,861,356)</b>	<b>30,666,088</b>	<b>16,804,732</b>	<b>(95,566,624)</b>	<b>(112,371,356)</b>



# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

## Cash Flow Statement

### Cash flows from operating activities

#### Receipts

Grants	301,540,826	(14,919,950)	<b>286,620,876</b>	283,829,152	<b>(2,791,724)</b>
Interest income	1,995,000	620,234	<b>2,615,234</b>	3,307,133	<b>691,899</b>
Other receipts	102,135,355	(46,743)	<b>102,088,612</b>	28,840,096	<b>(73,248,516)</b>
License Receipts	-	-	-	213,789,218	<b>213,789,218</b>
	<b>405,671,181</b>	<b>(14,346,459)</b>	<b>391,324,722</b>	<b>529,765,599</b>	<b>138,440,877</b>

#### Payments

Employee costs	(290,004,178)	(2,492,356)	<b>(292,496,534)</b>	(291,178,640)	<b>1,317,894</b>
Suppliers	(109,818,538)	18,635,145	<b>(91,183,393)</b>	(112,575,544)	<b>(21,392,151)</b>
Licensing Authority	-	-	-	(130,772,369)	<b>(130,772,369)</b>
	<b>(399,822,716)</b>	<b>16,142,789</b>	<b>(383,679,927)</b>	<b>(534,526,553)</b>	<b>(150,846,626)</b>

<b>Net cash flows from operating activities</b>	<b>5,848,465</b>	<b>1,796,330</b>	<b>7,644,795</b>	<b>(4,760,954)</b>	<b>(12,405,749)</b>
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### Cash flows from investing activities

Purchase of property, plant and equipment	(1,750,000)	(532,713)	<b>(2,282,713)</b>	(629,981)	<b>1,652,732</b>
Proceeds from sale of property, plant and equipment	140,000	-	<b>140,000</b>	47,933	<b>(92,067)</b>
Purchase of other intangible assets	-	-	-	(30,429)	<b>(30,429)</b>

<b>Net cash flows from investing activities</b>	<b>(1,610,000)</b>	<b>(532,713)</b>	<b>(2,142,713)</b>	<b>(612,477)</b>	<b>1,530,236</b>
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Net increase/(decrease) in cash and cash equivalents	4,238,465	1,263,617	<b>5,502,082</b>	(5,373,431)	<b>(10,875,513)</b>
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Cash and cash equivalents at the beginning of the year	22,806,869	(1,302,567)	<b>21,504,302</b>	21,504,302	-
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<b>Cash and cash equivalents at the end of the year</b>	<b>27,045,334</b>	<b>(38,950)</b>	<b>27,006,384</b>	<b>16,130,871</b>	<b>(10,875,513)</b>
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# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Financial Performance</b>								
Investment revenue	1,995,000	620,234	2,615,234	2,615,234	3,307,133	691,899	126%	166%
License and Permits	1,575,000	-	1,575,000	1,575,000	1,445,000	(130,000)	92%	92%
Transfers recognised - operational	301,540,826	(14,919,950)	286,620,876	286,620,876	284,348,636	(2,272,240)	99%	94%
Other own revenue	100,660,355	(46,743)	100,613,612	100,613,612	72,356,910	(28,256,702)	72%	72%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>405,771,181</b>	<b>(14,346,459)</b>	<b>391,424,722</b>	<b>391,424,722</b>	<b>361,457,679</b>	<b>(29,967,043)</b>	<b>92%</b>	<b>89%</b>
Employee costs	(276,024,667)	2,226,253	(273,798,414)	(273,798,414)	(277,980,898)	(4,182,484)	102%	101%
Remuneration of councillors	(13,979,511)	266,103	(13,713,408)	(13,713,408)	(13,197,742)	515,666	96%	94%
Debt impairment	-	-	-	-	(-	-	-	-
Depreciation and asset impairment	(11,620,103)	348,228	(11,271,875)	(11,271,875)	(17,646,769)	(6,374,894)	157%	152%
Transfers and grants	(9,942,000)	893,913	(9,048,087)	(9,048,087)	(8,366,123)	681,964	92%	84%
Other expenditure	(117,456,060)	24,077,575	(93,378,485)	(93,378,485)	(97,015,431)	(3,636,946)	104%	83%
<b>Total expenditure</b>	<b>(429,022,341)</b>	<b>27,812,072</b>	<b>(401,210,296)</b>	<b>(401,210,269)</b>	<b>(414,206,962)</b>	<b>(12,996,693)</b>	<b>103%</b>	<b>97%</b>
<b>Surplus/(Deficit) for the year</b>	<b>(23,251,160)</b>	<b>13,465,613</b>	<b>(9,785,547)</b>	<b>(9,785,547)</b>	<b>(52,749,283)</b>	<b>(42,963,736)</b>	<b>541%</b>	<b>227%</b>
Transfer recognised - capital	-	38,950	38,950	38,950	38,950	-	100%	100%
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(23 251 160)</b>	<b>13 504 563</b>	<b>(9 746 597)</b>	<b>(9 746 597)</b>	<b>(52,710,333)</b>	<b>(42,963,736)</b>	<b>541%</b>	<b>227%</b>

**Sedibeng District Municipality**  
Financial Statements for the year ended 30 June, 2020

**Appropriation Statement**

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Capital Expenditure and funds sources</b>								
Total capital expenditure	1,750,000	532,713	2,282,713	2,282,713	660,410	(1,622,303)	29%	38%
<b>Sources of capital funds</b>								
Internally generated funds	1,750,000	493,763	2,243,763	2,243,763	621,460	(1,622,303)	27%	35%
Disaster management fund	-	38,950	38,950	38,950	38,950	-	100%	-
<b>Total sources of capital funds</b>	<b>1,750,000</b>	<b>532,713</b>	<b>2,282,713</b>	<b>2,282,713</b>	<b>660,410</b>	<b>(1,622,303)</b>	<b>29%</b>	<b>38%</b>
<b>Cash Flows</b>								
Net cash from (used) operating	5,888,465	2,258,804	8,147,269	8,147,269	(4,760,954)	(12,908,223)	58%	81%
Net cash from (used) investing	(1,650,000)	(956,237)	(2,606,237)	(2,606,237)	(612,477)	1,993,760	24%	37%
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,238,465</b>	<b>1,302,567</b>	<b>5,541,032</b>	<b>5,541,032</b>	<b>(5,373,431)</b>	<b>(10,914,463)</b>	<b>(97)%</b>	<b>(127)%</b>
Cash and cash equivalents at the beginning of the year	22,806,869	(1,302,567)	21,504,302	21,504,302	21,504,302	-	100%	94%
<b>Cash and cash equivalents at year end</b>	<b>27,045,334</b>	<b>-</b>	<b>27,045,334</b>	<b>27,045,334</b>	<b>16,130,871</b>	<b>(10,914,463)</b>	<b>60%</b>	<b>60%</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

Figures in Rand

2020

2019 as  
restated

### Accounting Policies

#### 1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

##### 1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008, including any interpretations and directives issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

The following GRAP standards have been approved and are effective:

GRAP 1 -	Presentation of financial statements
GRAP 2 -	Cash flow statements
GRAP 3 -	Accounting policies, changes in accounting estimates and errors
GRAP 4 -	The effects of changes in foreign exchange rates
GRAP 5 -	Borrowing costs
GRAP 6 -	Consolidated and separate financial statements
GRAP 7 -	Investments in associates
GRAP 8 -	Interest in joint ventures
GRAP 9 -	Revenue from exchange transactions
GRAP 10 -	Financial reporting in hyperinflationary economies
GRAP 11 -	Construction contracts
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

Figures in Rand

2020

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GRAP 16 -	Investment property
GRAP 17 -	Property, plant and equipment
GRAP 18 -	Segment reporting
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 20 -	Related party Disclosures
GRAP 21 -	Impairment of non-cash generating assets
GRAP 23 -	Revenue from non-exchange transactions
GRAP 24 -	Presentation of budget information
GRAP 25 -	Employee Benefits
GRAP 26 -	Impairment of cash generating assets
GRAP 31 -	Intangible assets
GRAP 103 -	Heritage assets
GRAP 100 –	Discontinued operations
GRAP 109 -	Principles and Agents
GRAP 27 -	Agriculture

The following GRAP statements have been approved but are not yet effective:

GRAP 104 -	Financial instruments
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### Offsets

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

### 1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

### 1.3 SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSUMPTIONS

#### 1.3.1 Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

Figures in Rand

2020

2019 as  
restated

### 1.3.2 Significant Estimates, Judgments and Assumptions

In preparing the annual financial statements to conform with the Standards of GRAP, management is required to make estimates, judgments and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgments and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgments and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 2, 3 & 4: PPE, Intangible assets and Heritage assets useful lives estimates

Note 12: Provisions

Note 28: Contingencies

Note 10: Lease classification

Note 24: Debt Impairment

### 1.4 GOVERNMENT GRANT

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### 1.5 PROPERTY, PLANT & EQUIPMENT

#### 1.5.1 Recognition and Subsequent Measurement

An item of property, plant and equipment which qualifies for recognition as an asset has been initially measured at cost less subsequent depreciation.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is available for use.

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Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

### 1.5.2 De-recognition, Sale & Disposal

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

### 1.5.3 Depreciation

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful life of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful life:

Community Assets	Years
Community halls	30
Recreation facilities	20 – 30

Other Assets	Years
Motor vehicles	5
Plant and equipment	5
Security measures	5
Buildings	30
IT equipment	5
Office equipment	7
Specialised vehicles	10

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate.

## 1.6 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

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Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in the Statement of Financial Performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

### 1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Financial Performance when incurred.

Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

### 1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

Item	Useful Life
Computer software	3 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

## 1.7 IMPAIRMENT OF FINANCIAL ASSETS

### Impairment of Non-financial assets

Non-Financial assets, excluding investment property and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.



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The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit is less than its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

### Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

A financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in net assets are removed from net assets as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

## 1.8 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

### The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

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### 1.9 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
  - non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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### 1.10 INVENTORIES

Inventories are initially measured at cost, where cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Unsold aviation fuel are valued at the lower of cost and net realisable value on a specific identification cost basis. Fuel are recognized as inventory when purchased, and then charged to expense when sold. Aviation fuel are sold in line with the applicable tariff as promulgated.

### 1.11 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with banks. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

### 1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

The municipality on initial adoption of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The necessary disclosures have been made for non-recognition of provisions that form part of the cost of an asset.

### 1.13 EMPLOYEE BENEFITS

#### 1.13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

#### 1.13.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

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### 1.13.3 Retirement benefits

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

### 1.13.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### 1.13.5 Post employment medical care benefits

The municipality provides post-employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

The municipal post-employment medical care is also on the defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

## 1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

### 1.14.1 Revenue from exchange transactions

#### Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

#### Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of the principal has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

#### Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;

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- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 1.14.2 Revenue from non-exchange transactions

#### Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

#### 1.14.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

#### 1.14.4 Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

### 1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

### 1.16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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### 1.17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.19 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

### 1.20 CONSTRUCTION OF ASSETS IN PROGRESS

Construction of assets in progress is capital projects done on behalf of the Local Municipalities from the proceeds of conditional grants received and internal contributions. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as Construction of assets in progress until date of transfer.

### 1.21 RELATED PARTIES

Related parties are identified and disclosed in terms of GRAP 20. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Associates (as per GRAP 7 - Investments in Associates);
- Joint ventures (as per GRAP 8 - Interests in Joint Ventures)
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Management, and close members of the family of management; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the two bullets above, or over which such a person is able to exercise significant influence.

Each municipality and its own municipal entities are related parties. A municipality is not related to another municipality as they are not under common control.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

The Municipality does not have and associates nor any joint ventures or any other form of association that may be defined as related party relation.

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### 1.22 HERITAGE ASSETS

A heritage asset is as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held indefinitely for the benefit of present and future generations. The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably. Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of a purchased heritage asset comprises:

- Heritage assets are subsequently measured at cost, less accumulated impairment losses. Where a heritage asset is acquired through a non exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.
- Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.
- Most heritage assets have an indefinite useful life as they are to be preserved for current and future generations and might appreciate in value over time due to their cultural, environmental, historical, natural, scientific, technological and/or artistic significance. Based on this analysis, there is no finite limit to the period over which a heritage asset is expected to be held by the entity. The useful life of the heritage asset is therefore likely to be indefinite or the annual depreciation is likely to be immaterial.
- The entity derecognises heritage asset on disposal, or when no service potential are expected from its use or disposal.
- The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.23 BUDGET INFORMATION

The municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 July 2018 to 30 June 2019.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts (see page 9 - 11)



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### 2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	41,299,080	(12,279,296)	29,019,784	41,299,080	(12,279,296)	29,019,784
Buildings	75,609,712	(29,788,989)	45,820,723	76,948,439	(27,668,014)	49,280,425
Plant and machinery	11,578,290	(8,974,545)	2,603,745	11,530,491	(7,870,577)	3,659,914
Furniture and fixtures	18,855,803	(14,506,872)	4,348,931	18,649,303	(13,165,288)	5,484,015
Motor vehicles	7,458,432	(6,270,392)	1,188,040	7,458,432	(5,900,410)	1,558,022
Electronic equipment	77,499,717	(65,588,978)	11,910,739	77,210,996	(58,538,047)	18,672,949
Infrastructure	67,418,202	(61,661,248)	5,756,954	67,418,202	(58,154,147)	9,264,055
<b>Total</b>	<b>299,719,236</b>	<b>(199,070,320)</b>	<b>100,648,916</b>	<b>300,514,943</b>	<b>(183,575,779)</b>	<b>116,939,164</b>

#### Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	29,019,784	-	-	-	-	29,019,784
Buildings	49,280,425	-	-	(2,584,615)	(875,088)	45,820,723
Plant and machinery	3,659,914	47,799	-	(1,103,969)	-	2,603,745
Furniture and fixtures	5,484,015	218,350	(598)	(1,352,835)	-	4,348,931
Motor vehicles	1,558,022	-	-	(44,819)	(325,163)	1,188,040
Electronic equipment	18,672,949	363,832	(25,657)	(7,100,385)	-	11,910,739
Infrastructure	9,264,055	-	-	(3,507,101)	-	5,756,954
	<b>104,197,589</b>	<b>629,981</b>	<b>(26,255)</b>	<b>(15,693,724)</b>	<b>(1,200,251)</b>	<b>100,648,916</b>

#### Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	29,019,784	-	-	-	-	29,019,784
Buildings	51,907,109	-	-	(2,626,683)	-	49,280,425
Plant and machinery	4,609,396	122,948	(5,629)	(1,066,797)	-	3,659,914
Furniture and fixtures	6,416,067	369,001	(2,893)	(1,298,161)	-	5,484,015
Motor vehicles	1,602,542	-	-	(44,521)	-	1,558,022
Electronic equipment	24,478,623	1,037,558	(54,372)	(6,788,864)	-	18,672,949
Infrastructure	12,039,157	-	-	(2,775,102)	-	9,264,055
	<b>130,072,678</b>	<b>1,529,507</b>	<b>(62,894)</b>	<b>(14,600,128)</b>	<b>-</b>	<b>116,939,164</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Note must be taken that the impairment on buildings related to the vandalism of the building at farm Doornkuil.

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

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The municipality also incurred **repair and maintenance** on the assets as outlined below.

Buildings, Fences and Sites	1,906,061	2,567,316
Plant and Equipment	440,908	1,043,732
Infrastructure	3,036,611	3,327,933
Vehicle	401,336	397,523
<b>Total repair and maintenance</b>	<b>5,784,916</b>	<b>7,336,504</b>

### 3. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	14,545,429	(12,408,542)	2,136,887	14,515,000	(10,780,663)	3,734,337

#### Reconciliation of intangible assets – 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	3,734,337	30,429	(1,627,880)	2,136,887

#### Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software, other	3,339,049	2,000,425	(1,605,137)	3,734,337

### 4. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1,527,941	(19,000)	1,508,941	1,527,941	(19,000)	1,508,941
Historical monuments	3,386,000	-	3,386,000	3,386,000	-	3,386,000
<b>Total</b>	<b>4,913,941</b>	<b>(19,000)</b>	<b>4,894,941</b>	<b>4,913,941</b>	<b>(19,000)</b>	<b>4,894,941</b>

#### Reconciliation of heritage assets 2019

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,508,941	-	-	1,508,941
Historical monuments	3,386,000	-	-	3,386,000
	<b>4,894,941</b>	-	-	<b>4,894,941</b>

#### Reconciliation of heritage assets 2018

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,508,941	-	-	1,508,941
Historical monuments	3,386,000	-	-	3,386,000
	<b>4,894,941</b>	-	-	<b>4,894,941</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

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<b>5. Inventories</b>		
Fuel – Airport		
Both AVGAS and JET A1 are sold at the Vereeniging Aerodrome		
Aviation Fuel	473,422	503,782
	<u>473,422</u>	<u>503,782</u>
<b>6. Receivables from exchange transactions</b>		
Trade Debtors	-	-
Employee costs corrections	262,146	512,306
Prepayments	3,174	8,026
VAT on Accruals	1,205,194	1,214,159
SETA Refunds	-	56,898
NYDA – Youth grant	1,618,436	-
Recoveries from staff	34,714	28,482
Unprocessed bank transactions	5,476	12,176
Interest Receivable on bank account	62,555	159,348
Agency services	1,244,735	4,837,509
	-	-
<b>Gross amount</b>	<b>4,436,430</b>	<b>6,828,904</b>
<b>Trade debtors</b>		
>91	-	-
Less: Provision for Debt Impairment (opening balance)	-	-
<b>Total Trade Debtors</b>	-	-
<b>Employee cost recoverable</b>		
Current (0 – 30 days)	14,004	720
>91	248,142	511,586
<b>Total Employee cost recoverable</b>	<b>262,146</b>	<b>512,306</b>
<b>Pre payments</b>		
Current (0 – 30 days)		4,071
>91	3,174	3,955
<b>Total Pre payments</b>	<b>3,174</b>	<b>8,026</b>
<b>VAT on Accruals</b>		
Current (0 – 30 days)	445,413	454,378
>91 days	759,781	759,781
<b>Total VAT on Accruals</b>	<b>1,205,194</b>	<b>1,214,159</b>
<b>SETA Refunds</b>		
Current(0-30 days)		56,898
>120 days	-	-
<b>Total SETA Refunds</b>	-	<b>56,898</b>
<b>NYDA – Youth grant</b>		
Current (0-30days)	1,618,436	-
<b>Recoveries from staff</b>		
Current (0 – 30 days)	34,714	28,482
<b>Unprocessed bank transactions</b>		
Current (0 – 30 days)	5,476	12,176
<b>Interest receivable</b>		
Current (0 – 30 days)	62,555	159,348

# Sedibeng District Municipality

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	2020	2019 as restated
<b>Agency services</b>		
Current (0 – 30 days)	1,244,735	1,443,625
31 – 60 days	-	1,486,513
61 – 90 days	-	945,722
91 – 120 days	-	961,649
>120 days	954,100	53,361,226
Less: Provision for Debt Impairment (current year)	(954,100)	(53,361,226)
<b>Total Local Municipalities Agency services</b>	<b>1,244,735</b>	<b>4,837,509</b>

A provision for bad debt was raised for the outstanding debt arising from agency services rendered to the Local Municipalities in the 1819 financial year. This impairment amount was reversed in the 1920 financial year. The amount owed by Emfuleni was offset against the creditor in term of GRAP 104 in the 1920 financial year based on council resolutions obtained from both municipalities

### 7. VAT receivable

VAT	-	127,318
Council is registered on the cash basis for VAT, This amount is due from SARS based on submitted returns		

### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	40,825	40,825
Cash book balances	16,090,046	21,463,477
	<b>16,130,871</b>	<b>21,504,302</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June, 2020	30 June, 2019	30 June, 2020	30 June, 2019
STANDARD BANK – Cheque Account - 21777667	1,537,412	2 881 337	1,537,412	2 881 337
STANDARD BANK - Licensing Account - 21781494	515,788	833 456	515,788	833 456
NEDBANK - Primary Account - 1152944835	8,771,317	4 149 109	8,745,007	4 138 016
NEDBANK - Licensing account - 1152944606	5,291,839	13 610 668	5,291,839	13 610 668
<b>Total</b>	<b>16,116,356</b>	<b>21 474 570</b>	<b>16,090,046</b>	<b>21 463 477</b>

### 9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Provincial Grants	13,696,587	12,526,313
National Grants	16,728	-
DLG Grants	-	-
	<b>13,713,315</b>	<b>12,526,313</b>

### Movement during the year

Balance at the beginning of the year	12,526,313	15,274,264
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# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

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	2020	2019 as restated
Additions during the year	15,330,152	15,312,529
Income recognition during the year	(14,143,150)	(18,060,480)
Grant Reversal / forfeit	-	-
	<b>13,713,315</b>	<b>12,526,313</b>

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 21 for reconciliation of grants from National/Provincial Government.

### 10. Payables from exchange transactions

Trade payables	4,509,369	9,398,723
Payments received in advanced	-	-
Accrued leave pay	28,253,973	23,732,414
Department of Transport (License fees)	127,672,181	99,948,277
Local Municipalities Accounts	40,892,817	93,858,935
Vat Accrued on Debtors	8,635,658	6,991,125
Retention on Capital Projects	-	53,125
Compensation Commissioner	-	2,795,348
Mayoral Event	41,928	41,928
Refundable town hall rental deposits	118,796	81,800
Unclaimed Salaries	105,633	196,267
Unknown deposits	1,989	1,700
	<b>210,232,344</b>	<b>237,099,642</b>

### 11. VAT Payable

Tax refunds payables	83,780	-
	<b>83,780</b>	

Council is registered on the cash basis for VAT, This amount is due to SARS based on submitted returns

### 12. Revenue

Sale of goods	3,093,395	4,134,504
Rental of facilities and equipment	421,549	723,618
Agency services	62,929,418	76,390,440
Licenses and permits	1,445,000	125,000
Commissions received	4,456,488	6,174,438
Recoveries non-exchange	-	-
Other income	1,408,127	3,086,087
Interest received - investment	3,307,133	2,944,162
Gain on disposal of assets and liabilities	-	3,147
Government grants & subsidies	284,387,586	277,892,099
	<b>361,448,696</b>	<b>371,473,495</b>

#### The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods – Aviation Fuel	3,093,395	4,134,504
Rental of facilities and equipment	421,549	723,618
Agency services	62,929,418	76,390,440
Commissions received	4,456,488	6,174,438
Other income	1,408,127	3,086,087
Gain on disposal of assets and liabilities	-	3,147
Interest received - investment	3,307,133	2,944,162
	<b>75,616,110</b>	<b>93,456,396</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

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### The amount included in revenue arising from non-exchange transactions is as follows:

#### Taxation revenue

Licenses and permits	1,445,000	125,000
Recoveries	-	-

#### Transfer revenue

Government grants & subsidies	284,387,586	277,892,099
	<b>285,832,586</b>	<b>278,017,099</b>

### 13. Rental of facilities and equipment

#### Facilities and equipment

Facilities & equipment	226,528	518,575
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#### Garages and parking

Parking	195,021	205,041
	<b>421,549</b>	<b>723,618</b>

### 14. Agency services

Information Technology services	10,963,559	10,234,280
Department of Transport	51,965,859	66,156,160
	<b>62,929,418</b>	<b>76,390,440</b>

### 15. Licenses and permits (from non-exchange transactions)

Air quality emission fees	1,445,000	125,000
	<b>1,445,000</b>	<b>125,000</b>

### 16. Other Revenue

Commissions received	4,456,488	6,174,438
Other income - (consolidated)	1,408,127	3,086,087
	<b>5,864,615</b>	<b>9,260,525</b>

### 17. Other income – (consolidated)

Insurance refunds	198,216	1,464,177
Skills Levy Income	403,403	442,602
Incidental income	368,404	683,708
Tender Income	5,609	8,069
Commission on Salaries	154,384	186,597
Staff recoveries	278,111	300,934
	<b>1,408,127</b>	<b>3,086,087</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

Figures in Rand

	2020	2019 as restated
<b>18. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	3,307,133	2,835,809
<b>19. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
EPWP Grant Payments	1,203,102	1,173,526
HIV & AIDS payments	7,163,021	8,288,000
	<u>8,366,123</u>	<u>9,461,526</u>
<b>20 Government grants and subsidies received</b>		
<b>Operating grants</b>		
Equitable share	268,626,000	258,891,000
HIV and AIDS Grants	7,794,152	8,288,000
EPWP Grant	1,173,000	1,000,000
Rural Roads Grant	1,831,579	2,379,439
Agriculture Grant	-	2,208,581
National Grants	983,272	1,250,000
Youth grant	3,711,583	3,875,079
Disaster Management Grant	80,050	-
	<u>284,348,636</u>	<u>277,892,099</u>
<b>Capital Grants</b>		
Disaster Management Grant	38,950	-
	<u>284,387,586</u>	<u>277,892,099</u>
<b>Equitable Share</b>		
Current-year receipts	(268,626,000)	(258,891,000)
Conditions met - transferred to revenue	268,626,000	258,891,000
	<u>-</u>	<u>-</u>
<b>Provincial Grants</b>		
Balance unspent at beginning of year	12,526,313	15,067,804
Current-year receipts	13,038,152	13,062,529
Conditions met - transferred to revenue	(11,867,878)	(15,604,020)
Grants forfeited	-	-
	<u>13,696,587</u>	<u>12,526,313</u>

Conditions still to be met - remain liabilities (see note 9).

### Reconciliation of Unspent Conditional Grants

	Opening Balance July 2019	Grants Received 2019/20	Grants Spent/ forfeit 2019/20	Unspent Grants June 2020
LED Project	119,378			119,378
HIV/AIDS	-	7,943,152	(7,943,152)	-

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

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	Opening Balance July 2019	Grants Received 2019/20	Grants Spent/ forfeit 2019/20	Unspent Grants June 2020
Sport and Recreation	-	2,515,000	(2,093,147)	421,853
Agriculture	79,718	-	-	79,718
Transfer of Informal Settlements	12,270,425	-	-	12,270,425
Rural Roads	56,792	2,580,000	(1,831,579)	805,213
	<b>12,526,313</b>	<b>13,038,152</b>	<b>(11,867,878)</b>	<b>13,696,587</b>

### National Grants

	2020	2019 as restated
Balance unspent at beginning of year	-	-
Current-year receipts	2,292,000	1,250,000
Conditions met - transferred to revenue	(2,275,272)	(1,250,000)
Grant Reversal / Forfeit	-	-
	<b>16,728</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 9).  
Reconciliation of Unspent Conditional Grants

	Opening Balance July 2019	Grants Received 2019/20	Grants Spent/Forfeit 2019/20	Unspent Grants June 2020
Municipal Finance Management Grant	-	1,000,000	(983,272)	16,728
EPWP Grant	-	1,173,000	(1,173,000)	-
Disaster Management Grant	-	119,000	(119,000)	-
	<b>-</b>	<b>2,292,000</b>	<b>(2,275,272)</b>	<b>16,728</b>

### COGTA Grants

	2020	2019 as restated
Balance unspent at beginning of year	-	206,460
Conditions met - transferred to revenue	-	(206,460)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 9).  
Reconciliation of Unspent Conditional Grants

### Changes in level of government grants.

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

### 21. Employee related costs

Employee related cost exclusive of Section 57 employees	178,861,876	167,751,194
Bonus	13,962,559	13,204,100
Medical aid - company contributions	17,092,336	16,073,258
UIF	1,015,498	1,031,330
Other payroll levies	3,410,609	3,239,271



# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

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	2020	2019 as restated
Leave pay provision charge	6,119,713	4,210,692
Defined contribution plans	35,545,955	33,814,474
Overtime payments	883,621	5,108,133
Inconvenience allowance	2,292,355	-
Car allowance	9,752,832	10,089,965
Housing benefits and allowances	1,589,923	1,513,746
Telephone Allowances	10,800	11,050
Standby Allowance	206,770	555,575
Termination benefits	1,995,929	1,510,743
	<b>272,740,776</b>	<b>258,113,531</b>

### Remuneration of Municipal Manager

Annual Remuneration	1,681,103	1,618,110
Car Allowance	180,000	180,000
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	1,785	1,785
Other	112	96
	<b>1,863,000</b>	<b>1,799,991</b>

The Municipal Manager was appointed on the 1<sup>st</sup> of June 2017

### Remuneration of Chief Financial Officer

Annual Remuneration	250,217	287,442
Car Allowance	60,000	75,000
Contributions to UIF, Medical and Pension Funds	632	787
Other	-	-
	<b>310,849</b>	<b>363,229</b>

The CFO was appointed middle February 2019 and resigned end October 2019. His salary will therefore only reflect from mid-February till June 2019 in the 2018/19 financial year and July 2019 till October 2019 in the 2019/20 financial year.

### Remuneration of Executive Director – Corporate services

Annual Remuneration	831,247	797,456
Car Allowance	178,357	178,357
Contributions to UIF, Medical and Pension Funds	1,896	1,890
Other	9,985	10,228
	<b>1,021,485</b>	<b>987,931</b>

### Remuneration of Executive Director – Community services

Annual Remuneration	840,497	805,930
Car Allowance	180,000	180,000
Contributions to UIF, Medical and Pension Funds	1,896	1,890
Other	-	-
	<b>1,022,393</b>	<b>987,820</b>

### Remuneration of Executive Director – Strategic Planning and Economic development

Annual Remuneration	733,128	702,295
Car Allowance	176,951	176,951
Contributions to UIF, Medical and Pension Funds	112,315	108,574
Other	-	-
	<b>1,022,394</b>	<b>987,820</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

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### Remuneration of Executive Director – Transport, Infrastructure and Environment (Vacant since May 2019)

Annual Remuneration	-	644,581
Car Allowance	-	150,000
Contributions to UIF, Medical and Pension Funds	-	28,602
Other	-	
	-	<b>823,183</b>

<b>Total personnel cost</b>	<b>277,980,897</b>	<b>264,063,505</b>
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The executive directors were all newly appointed in 2017 and are being remunerated in accordance with the upper limit gazette number 40118 of 4 July 2016.

### 22. Remuneration of councillors

Executive Major	1,047,796	1,048,360
Mayoral Committee Members	6,540,278	6,552,319
Speaker	788,905	766,387
Councillors	4,820,763	4,980,912
	<b>13,197,742</b>	<b>13,347,978</b>

### In-kind benefits (tools of trade)

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Speaker have use of a Council owned vehicle for official duties.

The Executive Mayor and Speaker have full-time bodyguards

### 23. Depreciation and amortisation

Property, plant and equipment	15,693,726	14,600,129
Intangible assets	1,627,880	1,605,137
	<b>17,321,606</b>	<b>16,205,266</b>

### 24. Lease rentals on operating lease

<b>Premises</b>		
Contractual amounts	5,886,670	6,077,042
<b>Motor vehicles</b>		
Contractual amounts	1,079,438	1,459,494
<b>Plant and equipment</b>		
Contractual amounts	95,171	4,471
Ad-hoc amounts	363,748	549,118
	<b>7,425,027</b>	<b>8,090,125</b>

### 25. Debt impairment

Debtors	-	8,777,064
	-	<b>8,777,064</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

Figures in Rand

	2020	2019 as restated
<b>26. Contracted services</b>		
<b>Outsourced Services</b>		
Administrative and Support Staff	18,712,804	19,606,169
Fire Services	133,322	86,634
Hygiene Services	106,930	179,360
Internal Auditors	-	331,329
Professional Staff	895,550	1,782,722
Security Services	16,600,835	16,986,694
<b>Consultants and Professional Services</b>		
Business and Advisory	1,847,334	7,047,908
Infrastructure and Planning	-	1,920,506
Legal Cost	3,609,319	1,182,003
<b>Contractors</b>		
Artists and Performers	-	233,238
Catering Services	477,063	987,565
Event Promoters	52,750	695,431
Fire Services	3,758	21,060
Inspection Fees	85,965	43,482
Maintenance of Buildings and Facilities	1,906,061	2,567,316
Maintenance of Equipment	3,477,519	4,371,664
Pest Control and Fumigation	45,500	60,000
Stage and Sound Crew	25,500	18,500
Transportation	401,336	397,456
	<b>48,381,546</b>	<b>58,519,037</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

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### 27. General expenses

Advertising	26,681	326,349
Assessment rates & municipal charges	6,207,038	5,272,913
Auditors remuneration	3,411,447	3,371,101
Bank charges	2,910,013	3,151,793
Computer expenses	759,294	876,445
Consulting and professional fees	181,500	84,000
Consumables	3,579,633	3,729,133
Insurance	2,296,729	1,370,123
IT expenses	4,094,052	3,288,825
Levies	1,912,828	2,213,009
Postage and courier	-	2,653
Printing and Publications	655,484	739,162
Protective clothing	-	425,992
Royalties and license fees	103,967	44,829
Subscriptions and membership fees	2,760,247	2,543,268
Telephone and fax	4,721,324	5,280,025
Training	1,703,225	841,396
Subsistence & Travel	115,547	802,716
Campaigns	769,299	2,506,169
Congresses & Meetings	65,723	115,879
External Bursaries	-	98,500
WCA Contribution	1,123,413	1,273,283
	<b>37,397,444</b>	<b>38,357,563</b>

### 28. Sale of Goods

#### Sale of goods

Cost of Aviation fuel	2,626,483	3,619,250
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Aviation fuel (JET A1 and AVGAS) are sold at the Vereeniging Aerodrome.

### 29. Auditors' remuneration

Fees	3,411,447	3,371,101
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### 30. Cash generated from operations

Deficit	(52,710,333)	(49,069,418)
<b>Adjustments for:</b>		
Depreciation	17,321,606	16,205,266
Loss / (Gain) on sale of assets and liabilities	853,410	(3,147)
Debt impairment	-	8,777,064
Impairment deficit	325,163	
Movements in operating lease assets and accruals	88,443	170,210
<b>Changes in working capital:</b>		
Inventories	30,360	(345,971)
Receivables from exchange transactions	2,392,474	(2,473,620)
Assets under construction	-	-
Debt Impairment – Related party debtors	52,407,122	(8,777,064)
Payables from exchange transactions	(26,867,299)	46,191,563
VAT	211,098	213,090
Unspent conditional grants and receipts	1,187,002	(2,747,951)
	<b>(4,760,954)</b>	<b>8,140,022</b>

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### 31. Risk management

#### 31.1 Financial risk management

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

##### Interest rate risk

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Categories of Financial Instruments	2020	2019 as restated
<b>Financial Assets</b>		
Cash and cash equivalents	16,130,871	21,504,302
Inventories	473,422	503,782
Trade and other receivables from exchange transactions	4,436,430	6,828,904
VAT Receivable	-	127,318
	<b>21,040,723</b>	<b>28,964,306</b>
<b>Financial Liabilities</b>		
Unspent conditional grants and receipts	13,713,315	12,526,313
VAT Payable	83,780	-
Trade and other payables from exchange transactions	210,490,997	237,269,852
<b>Total Liabilities</b>	<b>224,288,092</b>	<b>249,796,165</b>

If the interest rates received on investments increase or decrease by 100 basis points, the effect on the Statement of Financial performance would be as follows:

	2020		2018	
Floating Rate Financial Assets	Rate %	Effect on Surplus	Rate %	Effect on Surplus
Cash and cash equivalents	1%	161,309	1%	215,043
Inventories	1%	4,734	1%	5,038
Trade and other receivables from exchange transactions	1%	44,364	1%	68,289
<b>Floating Rate Financial Liabilities</b>				
Unspent conditional grants and receipts	1%	(137,133)	1%	(125,263)
Trade and other payables from exchange transactions	1%	(2,104,910)	1%	(2,372,699)

### 32. Commitments

#### 32.1 Contracted capital and operating expenditure

##### Unspent conditional grants and receipts

Provincial Grants	13,696,587	12,406,935
National Grants	16,728	-
	<b>13,713,315</b>	<b>12,406,935</b>

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The current unspent conditional grants are all committed funds which still need to be utilized in order to meet the conditions as stipulated in the various government gazettes.

### 32.2 Operating leases - as lessee (expense)

#### Minimum lease payments due

Within one year	4,599,011	4,338,689
Later than one year but not later than five years	1,562,484	6,161,495

Operating lease payments represent rentals payable by the municipality for certain of its office properties.

### 32.3 Operational expenses

#### Operational expenses

Within one year	3,325,800	22,105,294
Later than one year but not later than five years	125,649	1,008,500

### 33. Contingencies

The Municipality may be liable for claims instituted against the Municipality by employees who have disputes against the Municipality. The amount is uncertain as an arbitration award has not yet being issued against those claims.

#### 33.1 Contingent liabilities

Attorney	Nature of litigation	Details	Progress	Reliable Estimated Value
TO Maleka attorneys	Litigation against the municipality for outstanding payment.	Civil action instituted by Reabusa Construction in the high court for outstanding payments for one of the municipalities projects.	Pre-trial and trial date need to be arranged.	R1 281 959.40
Letheba Makgato & Associates Attorneys	Combined summons served on the municipality for outstanding payment.	Municipality entered into an oral agreement with Lawrence Melato Attorneys for the drafting of a new Contract Management Policy. The municipality refused to pay the amount.	Trial date needs to be agreed.	R286 653.00
Total amount				<b>R1 568 612.40</b>

#### 33.2 Contingent assets

Attorney	Nature of litigation	Details	Progress	Reliable Estimated Value
S. Suleman attorneys	Debt collection	Tenant leased a building at the Fresh Produce Market and failed to pay rental fees.	Ongoing	R1 145 432.38
S. Suleman attorneys	Debt collection	Cashier stole money from the municipality. Has entered into a payment arrangement of R100.00 per month.  The municipality had deducted the amounts in full but then was ordered by the labour court to pay the money back	Ongoing	R52 240.79

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		and so the process was restrtd to recover the funds. Attorneys costs have so far exceeded R61 000.00		
Meise Nkaiseng attorneys	Debt collection	Tsogang Basadi enterprise was overpaid erroneously.  Municipality errenously paid amounts as follows: 31/08/2017 - R6 241.50 30/04/2018 - R8 625.00 15/05/2018 - R2 070.00 TOTAL R16 936.50  They had paid back as follows: 14/05/2018 - R10 690.00 02/07/2018 - R520.13  Leaving a balance of R5 726.34.  They had entered into a payment plan of R520.13 per month for the remaining months but after making 1 payment, payments stopped.	Legal action has been instituted and a letter of demand has been issued and a summons against the debtor as well.  5 May 2020 default judgement was made and granted by the court. Warrant of execution has been issued against the debtor."	R5 726.34
<b>Total Amount</b>				<b>R1 212 673.17</b>

### 34. Prior year amendments

#### 34.1 Prior period errors

See below detail of corrections. The total correction amounts to R 6,567,598

The correction of the error(s) and change in accounting policy results in adjustments are as follow:

<b>Statement of changes in net assets</b>	
<b>Closing balance 1 July 2018</b>	<b>(65,938,600)</b>
Creditor Overstated	6,512,440
PPE understated	13,232,153
<b>Restated closing balance 1 July 2018</b>	<b>(46,194,007)</b>
<b>Opening balance as previously reported 1 July 2019</b>	<b>(114,572,592)</b>
Creditor Overstated for 2017/18	6,512,440
Creditors overstated	55,156
PPE understated	12,741,575
<b>Restated Closing balance 1 July 2019</b>	<b>(95,263,421)</b>

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<b>Surplus (Deficit) for the year 2019 Previously reported</b>	<b>(48,633,998)</b>
IT Expenses – understated	(387,680)
WCA contribution - overstated	442,839
Depreciation understated	(490,578)
<b>Restated Surplus (Deficit) for the year 2019</b>	<b>(49,069,418)</b>

<b>Expenditure</b>	<b>2019 Restated</b>	<b>2019 Previous Year Stated</b>	<b>Variance</b>
IT Expenses – understated	(3,288,825)	(2,901,145)	(387,680)
WCA contribution - overstated	(1,273,283)	(1,716,122)	442,839
Depreciation - understated	(16,205,266)	(15,714,688)	(490,578)
<hr/>			
Deficit for the year	(49,069,418)	(48,633,998)	435,420
2017/18 Corrections			19,744,593
<b>Total Corrections</b>			<b>20,180,013</b>

### 34.2 Reversal of impairment on debtors (Adjustments)

Based on an agreement reach with Emfuleni Local Municipality, the amount of R 52,407,126 previously recorded as possibly irrecoverable can be reverse and the debtor corrected accordingly.

### 35. Going concern

We draw attention to the fact that at 30 June, 2020, the municipality had accumulated deficit of R 95,566,624 and that the municipality's total liabilities exceed its assets by R 95,566,624.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As a District Municipality based on our powers and functions we are completely grant dependent. No other main revenue source is obtainable. Over the last 9 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 9 years was increase far lessor than the CPI for each financial period. In addition the South African Local Bargaining Council was implementing salary increases at a higher rate than the equitable share growth allocated to municipalities over the last 8 years – Uncontrollable to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 7 years which is still in place. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.

We draw further attention to the fact that at 30 June, 2020, the municipality's current liabilities exceed its current assets with 203,247,368. The municipality also had operating deficit in the current financial year of R 52,710,333 (previous financial year loss of R 49,069,418) which resulted in a decrease in the net asset value.

The Municipality is busy with a process of aligning the current powers and functions assigned to the District and the Locals in order to regain sustainability within the District. Drastic cost saving measures will be implemented starting with a process of restructuring the organization based on the assigned powers and functions. The Council has recently approved that it (Sedibeng District Municipality) should perform the section 84(1) powers and functions of the Municipal Structures Act 117 of 1998.

The municipality does not have any fixed-term borrowing or short term loans and therefore does not put reliance on borrowings.



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The municipality does have comprehensive insurance on its assets as set out in the asset register.

### 36. Events after the reporting date

None

### 37. Unauthorised expenditure

The municipality is having an operating deficit resulting from overspending on the operating budget during the financial year to the amount of R 6,585,486 related to salary cost and municipal services.

Opening balance	12,512,574	5,927,088
Add: expenditure identified – current period	9,719,868	6,585,486
Add: expenditure identified - prior period	-	-
Less: Approved by Council	(12,512,574)	-
	<b>9,719,868</b>	<b>12,512,574</b>

#### Analysis follow: Cash

Employee related cost	4,182,483	3,699,015
General expenses	1,246,785	2,712,945
Depreciation	4,290,600	
Transfer and subsidies paid		173,526
	<b>9,719,868</b>	<b>6,585,486</b>

### 38. Fruitless and wasteful expenditure,

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. An amount of R 248,142 is currently being recovered from an employee related to salary cost recoverable. See annual report for details on all recoveries during the year.

Opening balance	446,655	595,540
Paid off during the year	(198,513)	(148,885)
-Fruitless and wasteful expenditure identified during the year	-	-
	<b>248,142</b>	<b>446,655</b>

### 39. Irregular expenditure

Irregular expenditure was incurred in the financial year based on appointments made in deviating from SCM legislation where. Irregular expenditure was also incurred on Sect 56 employee-related costs during the financial year.

Opening Balance	18,451,807	12,977,597
Add: expenditure identified during the year	13,661,779	9,040,332
Add: expenditure – prior period identified during the year	1,596,126	
Less: Approved by Council	(18,451,807)	(3,566,122)
	<b>15,257,905</b>	<b>18,451,807</b>

#### Instances and cases in the current year

Supply chain processes	9,938,588	8,162,011
Contract and acting Employee	1,967,166	-
Sect 56 & 57 Employee cost above threshold	3,041,302	515,092
Sect 56 employee not a RSA citizen	310,849	363,229
	<b>15,257,905</b>	<b>9,040,322</b>

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### Cases under investigations

Investigations were conducted by MPAC oversight committee on the 2017/18 financial year balance of R9,411,475 in August 2019 where a report was submitted to Council indicating that the amount must be written off as irrecoverable based on MPAC assessment and recommendations. Further investigation was done by an appointed company for the irregular expenditure of R9,040,322 recorded in the 2018/19 financial year and was approved by Council to be written off as irrecoverable.

### 40. Additional disclosure in terms of Municipal Finance Management Act

#### 40.1 PAYE and UIF & Skills levy

Current year subscription / fee	47,111,678	45,000,163
Amount paid - current year	(47,111,678)	(45,000,163)
	-	-

#### 40.2 Pension and Medical Aid Deductions

Current year subscription / fee	81,295,495	77,387,005
Amount paid - current year	(81,295,495)	(77,387,005)
	-	-

#### 40.3 VAT

VAT receivable	-	127,318
VAT payable	83,780	-
	<b>83,780</b>	<b>127,318</b>

All VAT returns have been submitted by the due date throughout the year.

#### 40.4 Television sets in terms of the Television License Regulations under the Broadcasting act no 4 of 1999, as amended

Description	Number of sets	Period that sets were in entity's possession
Owned television sets	48	48 sets were used for the full year;
Rented or leased television sets	-	
Number of sets donated/ alienated	-	
<b>TOTAL</b>	<b>48</b>	

#### 40.5 Related party transactions

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 22.

Section 56 employees' (Key Management) remuneration packages are shown separately in note 21. Section 57 employees are required to enter into an annual performance contract where pre-determined objectives are linked to the integrated development Plan. Councillors and all officials must annually declare their interests and the interest of close family members to Council.

#### 40.5 Principles and Agents

##### 40.5.1 Gauteng Department of Transport

The municipality is acting as an agent for the Gauteng Department of Transport by rendering services related to motor vehicle license registrations and renewals, driver license applications and renewals. The municipality also collect AARTO fees as part of the function. Direct expenses related to the licensing function is as follow:

#### Breakdown of transactions

Collections made on NATIS system	223 573 394	281 385 677
<b>Less:</b>		
Refunds to Province	157 386 930	201 122 967

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Refunds to AARTO	6 485 260	4 256 879
VAT payable on collections	7 787 113	9 913 804
Amount retained by Council	51 914 091	66 092 027
<b>Total Amount</b>	<b>223 573 394</b>	<b>281 385 677</b>

### Expenses related to the Licensing centre

Employee related costs	58 685 436.00	56 192 750.00
Depreciation and amortisation	170 460.00	177 355.00
Lease rentals on operating lease	95 171.00	4 471.00
General Expenses	5 000 250.00	5 080 226.00
<b>Total expenditure</b>	<b>63 951 317.00</b>	<b>61 454 802.00</b>

### Liability to Principle

<b>Total liability</b>	<b>127 672 181</b>	<b>99 948 277</b>
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#### 40.5.2 Fresh Produce Market

The municipality is rendering management services at the fresh produce market where fresh produce are being sold by the market agent on behalf of the farmers. The municipality is managing the financial affairs and are managing two bank accounts on behalf of the agents. The current balances on the bank accounts are as follow:

Account number	Amount as per bank confirmation
Nedbank- Current Account (115944363)	R248 321.56
Standard bank (21779589)	R93 879.72
<b>Total</b>	<b>R342 201.28</b>

#### 40.6 COVID-19 impact and related expenses

The municipality was close due to Covid-19 whereby income generating functions such as the licensing centers was closed from 27 March to 1 June 2020. The closure of office had a negative impact on generation of income whereby the fresh produce market, however open during lockdown 5 had a drastic decline in revenue. No income was derive at the licensing centers for a period of 2 months. The municipality did receive a disaster relief grant as indicated in note 20. The grant amounts to R119,000 which were utilized for combatting Covid-19 and was spent in full. Council has further taken a resolution at a special council meeting to transfer funds from other grants where saving could be generated in order to address the pandemic. The breakdown of the expenses is as follow:

	Budget allocation	Amount spent
<b>Grant re-allocations</b>	<b>1 228 113</b>	<b>1 218 651</b>
FMG Grant - PPE Consumables	234 200	225 900
HIV and AIDS grant -Training on COVID 19 for all staff	520 000	520 000
HIV and AIDS Grant - PPE Consumables	373 913	372 751
Boipatong DRACH grant - PPE Consumables	100 000	100 000
<b>Disaster management grant</b>	<b>119 000</b>	<b>119 000</b>
IT Equipment	38 950	38 950
PPE consumables	80 050	80 050
<b>Total COVID-19 allocation</b>	<b>1 347 113</b>	<b>1 337 651</b>

# Sedibeng District Municipality

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### 40.7 Declaration of business conducted to close family members of persons in the service of the state

The below table list the awards to close family members of persons in the service of the state and awards to persons in the service of the state.

#### 1. Awards to close family members of persons in the service of the state

Company Name	Initials	Surname	Designation and Employee NO.	Relationship with the company	Amount Paid
Africa Shades Construction	N	Monga	Assistant Manager Networks (00518)	Son of the Director/Shareholder	R70,784
<b>TOTAL</b>					<b>R 70,784</b>

#### 2. Awards to persons in the service of the state

No	Name of person	Position	Name of private company	Employing department	Amount
1					
<b>Total</b>					

### 41. Deviation from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 16 and 17 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

DEVIATIONS APPROVED FOR 2019/2020							
Applicable paragraph in SCM	Name of Supplier	Date of	Reason for deviation	Approved by:	Cluster	Amount	SCM COMMENTS

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Policy			the order					
(A)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Mooivaal Media	2019-09-17	Legislative requirement to publish annual tariffs in the local newspaper	Municipal Manager	Office of the Municipal Manager	R 7 300.00	Advertisement published without following proper official procurement processes
	MFMA Circular 102	NETPLUS CC	20-May-20	Urgently required printer cartridges for District Command Centre administration and suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Corporate Services	R 69 999.99	Application of MFMA Circular 102 prescriptions
	MFMA Circular 102	NETPLUS CC	28-May-20	Urgently required printer cartridges for opening of Licencing centres and suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Transport, Infrastructure, Environment	R 89 746.00	Application of MFMA Circular 102 prescriptions
	MFMA Circular 102	SILVER SOLUTIONS 2514 CC	29-May-20	Procurement of Covid-19 PPE for Licencing centres and suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Transport, Infrastructure, Environment	R 121 066.25	Application of MFMA Circular 102 prescriptions
	MFMA Circular 102	Amtronics/ Diamond Corner	02-Jun-20	Procurement of Covid-19 PPE for municipal staff and suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Corporate Services	R 228 045.00	Application of MFMA Circular 102 prescriptions

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DEVIATIONS APPROVED FOR 2019/2020							
Applicable paragraph in SCM Policy	Name of Supplier	Date of the order	Reason for deviation	Approved by:	Cluster	Amount	SCM COMMENTS
MFMA Circular 102	LANISIAS HOLDING	18-Jun-20	Procurement of Covid-19 PPE for municipal staffand suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Corporate Services	R 220 000.00	Application of MFMA Circular 102 prescriptions
MFMA Circular 102	NDWAMATO TRAINING SOLUTIONS	18-Jun-20	Procurement of Covid-19 training for municipal staffand suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Corporate Services	R 172 500.00	Application of MFMA Circular 102 prescriptions
MFMA Circular 102	NDWAMATO TRAINING SOLUTIONS	18-Jun-20	Procurement of Covid-19 training for municipal staffand suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Corporate Services	R 425 500.00	Application of MFMA Circular 102 prescriptions
MFMA Circular 102	NKEMA TRADING AND PROJECTS (PTY)LTD	24-Jun-20	Procurement of Covid-19 PPE for municipal staffand suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Corporate Services	R 39 262.50	Application of MFMA Circular 102 prescriptions

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DEVIATIONS APPROVED FOR 2019/2020							
Applicable paragraph in SCM Policy	Name of Supplier	Date of the order	Reason for deviation	Approved by:	Cluster	Amount	SCM COMMENTS
MFMA Circular 102	ATIRILO TRADING	24-Jun-20	Procurement of Covid-19 PPE for Licensing centres and suppliers unable to tender for 7-day formal written quotations due to Covid-19 Lockdown	Municipal Manager	Transport, Infrastructure, Environment	R 171 800.00	Application of MFMA Circular 102 prescriptions
<b>SUB-TOTAL FOR THE YTD OF 2019/2020</b>						<b>R 1 545 219.74</b>	

LESS THAN 3 QUOTES FOR 2019/2020							
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
1	2019/07/09	1038096	Sage wise/Nandos Vereeniging	R 2 625.00	1	Sole Supplier (Halaal caterer)	Section 80 Committee Meeting for Tie (Halaal Supplier)
2	2019/07/09	1038098	Juta & Company Ltd	1 245.00	1	Sole Supplier	Books for Road traffic Legislation RS48
3	2019/07/10	1038114	Sage wise/Nandos Vereeniging	R 4 285.00	1	Sole Supplier (Halaal caterer)	Section 80 Committee Meeting for SPED (Halaal Supplier)
4	2019/07/17	1038140	Shell downstream	R 524 872.43	1	Sole Supplier	Fuel Services for AVGAS 25000ltrs
5	2019/07/17	1038146	Gauteng Department of Roads and Transport	R 25 172.40	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face Value forms (Heidelberg)
6	2019/07/17	1038147	Gauteng Department of Roads and Transport	R 25 172.40	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face Value forms (Vereeniging)

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LESS THAN 3 QUOTES FOR 2019/2020							
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
7	2019/07/17	1038148	Gauteng Department of Roads and Transport	R 25 172.40	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face Value forms (Vanderbijpark)
8	2019/07/17	1038149	Gauteng Department of Roads and Transport	R 25 172.40	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face Value forms (Meyerton)
9	2019/08/23	1038306	Sage wise/Nandos Vereeniging	R 2 405.00	1	Sole Supplier (Halaal caterer)	Urgent finger lunch
10	2018/08/14	1036599	Graphic Imprint	R 4 755.25	1	Sole Supplier	Sole Supplier with for requisition books
11	2019/08/27	1038336	Workshop Electronics	R 14 899.00	1	Sole Supplier	Face value form box for Licensing Department
12	2019/09/23	1038446	Aupa Phadi	R 19 500.00	2	Only two quotes received from SCM as an urgent request	Transport for Gauteng carnival on the 24th of September 2019; different pick-up points to Union building Pretoria.
13	2019/09/23	1038395	Sage wise/Nandos Vereeniging	R 1 664.90	1	Sole Supplier (Halaal caterer)	Urgent finger lunch for 15 people for SALGA Meeting
14	2019/09/18	1038415	Mindmuzik Media	R 9 512.64	1	Sole Supplier	LLC written test set (English, Zulu, Sotho, Afrikaans) for Licensing Department
15	2019/10/03	1038480	Workshop Electronics	R 2 288.00	1	Sole Supplier	Supply and Installation of new receiver for remotes
16	2019/10/03	1038484	Workshop Electronics	R 14 789.00	1	Sole Supplier	Service and Calibration of Grade A VTS Vereeniging
17	2019/10/10	1038525	Juta and Company CC	R 1 124.00	1	Sole Supplier	Road traffic leg r549
18	Oct-19	1038526	Gauteng Department Of Roads And Transport	R 25 172.00	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face Value



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LESS THAN 3 QUOTES FOR 2019/2020							
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
19	Oct-19	1038558	Pay day	R 21 390.00	1	Sole Supplier	Pay 125/3b: 1000 confidential laser Payslips
20	2019/11/18	1038621	Sage Wise 1041 (PTY) LTD T/A Nandos Vereeniging	R 1 405.00	1	Sole Supplier (Halaal caterer)	Only Halaal certified caterer on database able to deliver on short notice
21	2019/11/29	1038656	Sage Wise 1041 (PTY) LTD T/A Nandos Vereeniging	R 2 391.00	1	Sole Supplier (Halaal caterer)	Only Halaal certified caterer on database able to deliver on short notice
22	2019/11/29	1038608	Mooivaal Media (PTY) LTD	R 9 260.00	1	Sole Supplier	Local newspaper with district wide circulation
23	2019/11/07	1038598	Gauteng Department Of Roads And Transport	R 25 172.40	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face Value documents
24	2019/11/07	1038601	Gauteng Department Of Roads And Transport	R 25 172.40	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face Value documents
25	2019/11/18	1038626	Gauteng Department Of Roads And Transport	R 25 172.40	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face Value documents
26	2019/11/07	1038607	Workshop Electronics (PTY) LTD	R 2 058.50	1	Sole Supplier	Service and Calibration of Grade A VTS equipment
27	2019/12/09	1038673	Aim Global Travel	R 4 171.72	1	Sole Supplier	Flight tickets to Kimberley; other travel agents on CSD require payment upfront and do not accept purchase orders
28	2019/12/09	1038681	Britfire Security Systems Cc	R 90 727.83	1	Sole Supplier	Insurance claim

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

LESS THAN 3 QUOTES FOR 2019/2020							
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
29	2019/12/19	1038711	Workshop Electronics (Pty) Ltd	R 2 047.00	1	Sole Supplier	Service and calibration of grade A VTS equipment – sole supplier
30	2020/01/17	1038722	Gauteng Department Of Roads And Transport	R 25 172.40	1	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face value forms (box) 19/29
31	2020/02/03	1038739	Workshop Electronics (Pty) Ltd	R 31 954.20	1	Sole Supplier	Supply + fit spares to repair brake tester at VTS
32	2020/02/04	1038744	Securelink (Pty) Ltd	R 4 901.07	1	Urgent work due to security risk	Repairs of Electrical Gates for Meyerton Licensing
33	2020/02/24	1038798	Workshop Electronics (Pty) Ltd	R 29 955.50	1	Sole Supplier	Remove & replace roller sets including commissioning for VTS
34	2020/03/18	1038857	Juta And Company Ltd	R 1 055.00	1	Sole Supplier	Road Traffic Leg RS50
35	2020/05/08	1038895	Cadalinx (Pty) Ltd	R 29 603.30	2	Due to Covid-19 restrictions, not all suppliers responded to the request for quotations	Fumigation of Mayor's Parlour and installation of bait traps (emergency work posing hygiene risk)
36	2020/05/08	1038890	IMPERIAL LOGISTICS SOUTH AFRICA GROUP T/A I H S	R 11 670.90	2	MFMA Circular 101 emergency procurement prescriptions	COVID 049 SANITISER WITH NOT LESS THAN 70% ALCOHOL 25 LITRE
37	2020/06/19	1038951	New Vaal	R19 494.00	1	Only one quote received as an urgent request for repairs	Mechanical Repairs on the Vehicle
38	2020/06/04	1038935	Mooivaal Media (Pty) Ltd	R 9 600.00	1	Only one quote received for local newspaper publication	IDP Public Participation Advert
39	2020/07/03	1038957	Mooivaal Media (Pty) Ltd	R 13 000.00	1	Only one quote received for local newspaper publication	Advertisements For Tariff 2020/21 In Local Newspaper Sedibeng Ster, 91000 Distribution
40	2020/06/15	1038940	Ndwamato Training Solutions	R 425 500.00	1	Only one quote utilised for urgent Covid-19 training of municipal staff	COVID Training

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

LESS THAN 3 QUOTES FOR 2019/2020							
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION

SUB-TOTAL FOR THE YTD OF 2019/2020	R 1 540 701.44
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## Notes to the Financial Statements

### 42. Budget differences

#### Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2020

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>Revenue</b>					
Sale of goods	3 780 000	3 093 395	(686 605)	(18.16)%	Due to Covid-19 no transaction took place from 27 March till end June 2020
Rental of facilities and equipment	720 697	421 549	(299 148)	(41.51)%	Due to Covid-19 no transaction took place from 27 March till end June 2020
Agency services	87 676 451	62 929 418	(24 747 033)	(28.23)%	Decrease in licensing fees as a result of increase in collection agencies instituted by Department of Transport. Licensing centers were also closed from 27 March 2020 till end May 2020 due to Covid-19
Commissions received	7 503 156	4 456 488	(3 046 668)	(40.61)%	Market sales down due to economic trends and only one market agent current operating at the market
Other income - (rollup)	833 308	1 408 127	574 819	68.98%	Higher than anticipated income based on increase in insurance refunds and staff recoveries
Interest received - investment	2 615 234	3 307 133	691 899	26.46%	Interest higher than anticipated based on investments made
<b>Total revenue from exchange transactions</b>	<b>103,128,846</b>	<b>75,616,110</b>	<b>(27,512,736)</b>		<b>(26,68)%</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2020

## Notes to the Financial Statements

### Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2020

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>Non-exchange revenue</b>					
Licenses and permits	1,575,000	1,445,000	(130,000)	(8.25%)	
Government grants & subsidies	286,659,826	284,387,586	(2,272,240)	(0.79%)	
<b>Total revenue from non-exchange transactions</b>	<b>288,234,826</b>	<b>285,832,586</b>	<b>(2,402,240)</b>	<b>(0.83%)</b>	
<b>Total revenue</b>	<b>391,363,672</b>	<b>361,448,696</b>	<b>(29,914,976)</b>	<b>(7.64%)</b>	
<b>Expenditure</b>					
Personnel	(273,798,414)	(277,980,897)	(4,182,483)	(1.53%)	Leave days provision increase due to COVID-19
Remuneration of councillors	(13,713,408)	(13,197,742)	515,666	3.76%	
Depreciation & impairment	(11,271,875)	(17,646,769)	(6,374,894)	(56.56%)	Increase amount due to useful life adjustment
Lease rentals on operating lease	(7,020,616)	(7,417,027)	(396,411)	(5.65%)	
Contracted Services	(49,101,004)	(48,381,546)	719,458	1.47%	
Transfers and Subsidies	(9,048,087)	(8,366,123)	681,964	7.54%	
General Expenses	(37,256,865)	(40,023,927)	(2,767,062)	(7.43%)	Higher than anticipated municipal services accounts
<b>Total expenditure</b>	<b>(401,210,269)</b>	<b>(413,022,031)</b>	<b>(11,811,762)</b>	<b>(2.94%)</b>	Refer to note 39
(Loss)/Gain on disposal of assets and liabilities	100,000	(853,410)	(953,410)		
Inventories losses/write downs	-	(283,588)	(283,588)		
	<b>100,000</b>	<b>(1,136,998)</b>	<b>(1,236,998)</b>		
<b>Operating deficit</b>	<b>(9,746,597)</b>	<b>(52,710,333)</b>	<b>(42,963,736)</b>	<b>(440.81%)</b>	

