



Kai !Garib Municipality

DRAFT ANNUAL REPORT

2021/2022



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LIST OF ABBREVIATIONS

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

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

CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD



Foreword of the Mayor

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

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

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

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

In 2019/2020 the Municipality faced severe financial challenges. This resulted in us being unable to achieve all our goals and objectives. It also led to us receiving a “Disclaimer” from the Auditor – General.

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

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

Thank You.

*Signed by _____

Cllr M. Matthys

Mayor: Kai Garib Municipality

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



This document sets out Kai !Garib Municipality's annual operational performance which includes the key Municipal output, plans and priorities of the previous financial term of office. The plan operationalizes key elements of Municipal action localising resource contributions of National, Provincial and District support as well as basic needs outlined in development plans within a rolling 5-year implementation cycle. The mere questions are: **What** is received and **how** much is spent together with **what** must still be done? This Annual Report of 2020/21 is not a stand-alone document and has to be read in conjunction with a host of other strategic documents regarding areas surrounding the three major towns: Keimoes, Kakamas and Kenhardt together with Augrabies as an economic growth corridor not to exclude Riemvasmaak (Vredesvallei & Sending). The purpose of this reporting document is to enhance sectoral project planning and alignment by including their functions and contributions towards eradication of service backlogs, progress on and implementation thereon.

Central to the execution of Annual Reporting is the need for economic growth and job creation which has an impact on livelihood and social change patterns together with the choices and decisions that the Municipality makes. Here, the introduction of EPWP and other job creation efforts through state infrastructure development projects and private sector contributes as positive catalysts to the social challenge. The need for marketing the region and attracting international and regional investment are also key elements in financing the execution of Kai !Garib's Municipality's Service Delivery Budgetary Implementation Plan, a tool which is informed by

the IDP. Noted, that the latter mentioned forms the content of the Annual Plan. It is further refined through a prioritisation process within available budget parameters and alternative service delivery mechanisms to reflect an affordable and bankable implementation plan.

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

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

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

The Vision

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

The Mission

Provision of transparent, accountable and sustainable service delivery

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

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

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

*Signed by _____

Mr. J Mac Kay (PhD)

Acting Municipal Manager

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1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

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

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

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

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



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

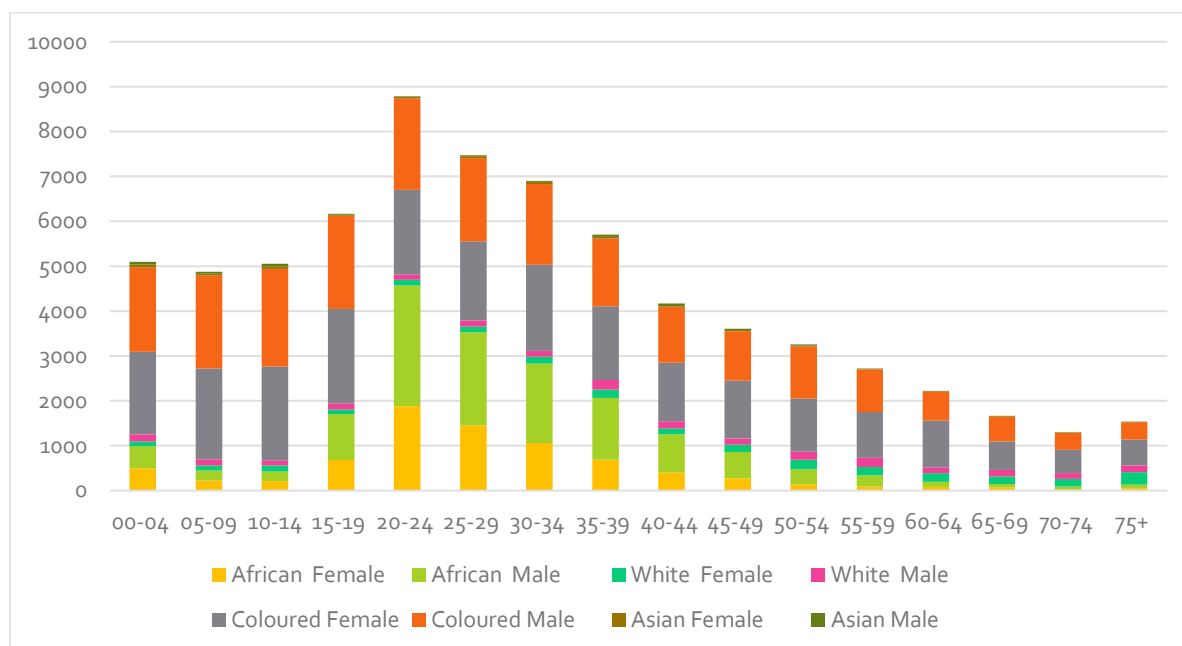
- Municipal Demarcation Code: NC082
- Location of Head Office: 164 Eleventh Avenue, Kakamas, 8870
- Municipal Area: 26 358km².
- District Municipality: ZF Mgcawu District Municipality (Upington)
- Population: 68 929 (2016 Community Household Survey – Stats SA).
- Schools: 4 Secondary Schools; 26 Primary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

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

Age	African		White		Coloured		Asian	
	Female	Male	Female	Male	Female	Male	Female	Male
00-04	497	492	107	157	1,840	1,880	63	58
05-09	226	218	116	139	2,020	2,070	45	39
10-14	209	214	140	110	2,090	2,180	51	57
15-19	679	1,020	109	133	2,110	2,070	21	22
20-24	1,880	2,690	127	115	1,890	2,040	26	16
25-29	1,450	2,080	124	140	1,760	1,850	49	21
30-34	1,060	1,770	156	126	1,920	1,800	45	23
35-39	686	1,380	183	217	1,640	1,510	40	47
40-44	407	842	139	160	1,300	1,250	15	53
45-49	273	590	164	131	1,290	1,100	26	30
50-54	137	339	211	177	1,190	1,160	17	24
55-59	91	250	183	206	1,020	951	10	7
60-64	82	114	190	135	1,040	642	9	9
65-69	69	80	172	140	634	552	9	5
70-74	34	57	170	130	520	377	8	7
75+	55	75	279	150	579	387	5	7
Total	7,830	12,200	2,570	2,360	22,800	21,800	439	426

Source: IHS Markit Regional eXplorer version 1692

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



Source: IHS Markit Regional eXplorer version 1692

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

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

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

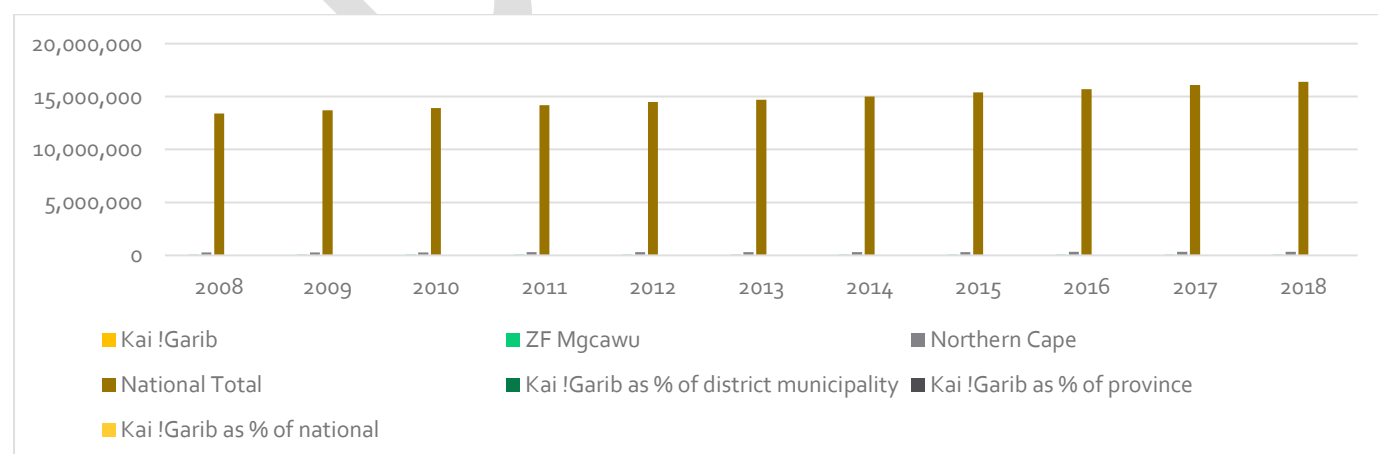
- Fertility in Kai !Garib is significantly lower compared to South Africa as a whole.
- Spatial policies changed since 1994.
- The share of children between the ages of 0 to 14 years is significant smaller (21.3%) in Kai !Garib compared to South Africa (29.0%). Demand for expenditure on schooling as percentage of total budget within Kai !Garib Local Municipality will therefore be lower than that of South Africa.

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

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

Source: IHS Markit Regional eXplorer version 1692

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



Source: IHS Markit Regional eXplorer version 1692

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

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

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

1.2.1 SERVICE DELIVERY OVERVIEW

The Technical Department

This department is headed by Mr. M Links.

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

- Manage social infrastructure development backlogs reductions;
- Manage quality control and specifications of projects;
- Manage project finance and reporting;
- Oversee the design, construction and maintenance of roads, drain and storm water systems;
- Oversee and monitor local community employment in infrastructure projects;
- Oversee and monitor the development and participation of women, youth and disabled in the construction industry;
- Monitoring and implementation of the Expanded Public Works Program in all infrastructure programs;
- Supervise consultants and contractors.
- Providing public lighting within the jurisdiction of the Municipality;
- Developing the electricity network and the operation of the electricity services within the Municipal area of jurisdiction;
- Manage horticulture, public open spaces, cemeteries and nurseries;
- Manage, maintain community halls, public toilets and other Municipal facilities (Municipal grounds and sports fields.
- Removal, transportation and disposal of refuse (household and business);
- Management and maintenance of Landfill site;

Key Priority Areas issues:**Electricity**

- Reduction of electricity losses from the current 25% (previous year 28%) to the National accepted figure of 10% or less.
- Reducing the demand from Eskom
- Increasing the efficiency of power consumption by increasing the power factor on the system
- Promote the use of alternative technologies and power efficient appliances.
- Training of apprentices
- Continuous training of electricity personnel
- Timely maintenance of High and Low Voltage networks
- Refining of maintenance schedules
- Minimizing power outages

Water

- Kai !Garib Non-Revenue water which includes water losses.
 - Incident Management Team (Responds to water quality failures)
 - Water demand management plan in place to reduce water losses
 - Back-to-Basics program to reduce water losses in distribution system
 - Sufficient Operation and Maintenance Budget required
 - Training of operators required as stated in regulation 2834
 - 2012 Municipal Blue drop Score = 68.99%
- Monthly monitoring of drinking water quality

Sanitation Services

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

Solid waste

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

Roads, Parks and Storm water section

- Develop a maintenance program for the section in the Municipality
- Reduce the amount of potholes in the Municipality
- The rehabilitation of dirt roads
- The resealing of roads within the Municipal boundary

COMMENT ON ACCESS TO BASIC SERVICES:

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

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

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

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

1.3 FINANCIAL HEALTH OVERVIEW

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

COMMENT ON OPERATING RATIOS:

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

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

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

COMMENT ON CAPITAL EXPENDITURE:

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

1.4 ORGANIZATIONAL DEVELOPMENT OVERVIEW

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

The Mayor also approved the Service Delivery and Budget Implementation Plan (SDBIP) for 2020/2021. The SDBIP details the implementation of service delivery and the budget for the financial year in compliance with the Municipal Finance Management Act. The SDBIP serves as a contract between the administration, Council and the Community, expressing the objectives set by the Council as quantifiable outcomes that can be implemented by the administration during the 2020/2021 financial year. The SDBIP facilitates the process of holding Management accountable for their performance.

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

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

1.5 AUDITOR GENERAL'S REPORT

The Auditor General's reports for the 2019/20 financial year are included in this report.

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

The accounting officer of the municipality must prepare the financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.

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

It is with great regret to report that the 2020/21 annual financial statements were successfully compiled but only submitted on 31 March 2022 to the Auditor-General for auditing, due to various factors that will be explained in the following paragraphs.

As stated in Section 131 (1) of the MFMA, the municipality was unable to address all findings raised by the Auditor General during the last audit that was finalized and signed off by the 31 March 2021. An Audit Action Plan was compiled and was being monitored.

To comply with the mSCOA Regulation as published in April of 2014, the municipality finally moved over to the mSCOA compliant Inzalo Enterprise Management Solution (EMS) in October 2020. This also came with its own challenges are as follow:

1. The cut-over took place in the second quarter of the financial year. The municipality had to try and catch up on the backlog for the entire financial year and have been unable to close of the financial year ended 30 June 2021 in time.
2. Change management also hindered the process with staff member having to adopt to the change and getting use to the new way of doing things.
3. The expenditure department was still busy processing expenditure invoices on Inzalo EMS that related to the 2020/21 financial year, therefor the municipality could not generate a Final Trail Balance for 2020/21 in time to compile the annual financial statements
4. The creditors reconciliation (Suppliers and Payroll creditors) was redone for the past 3 financial years and rectifying journals was processed on the system
5. The debtor's reconciliation was redone for the past 3 financial years and rectifying journals was processed on the system
6. The municipality's asset registers were redone for the past 3 financial years

The municipality also had to continue with its operations on a daily basis. This was not made easy with the COVID 19 pandemic that we were facing as a country and right across the globe. This resulted in municipal staff members working in shifts, going into quarantine, and having to close the municipality from time to time.

With the above mentioned, the audit for the 2020/21 financial year did not yet commenced and therefor there is not an audit report nor an audit opinion issued yet for the 2021/21 financial year.

1.6 STATUTORY ANNUAL REPORT PROCESS

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

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

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

Draft Annual Report was tabled to Council on 31 January 2022 and the report was subsequently approved on 30 March 2022. The report was discussed at the Municipal Public Accounts Committee with recommendations made to Council.

The process of the Annual Report was finalized on 30 March 2022 by way of submitting the Annual Report to the Provincial Legislature. The Kai !Garib Local Municipality complied with all legislative and legal requirements in the completion of this process.

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

CHAPTER 2

GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

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

- (1) Municipalities must have a Municipal Council
- (2) A Municipal Council must meet at least quarterly
- (3) A Municipal Council should consist of a number of Councillors determined by the MEC of local government in the province concerned by notice in the Government Gazette
- (4) A Municipality has the power to designate Councilors determined by the MEC for Local Government as a full time MEC. An MEC's determination must be in accordance with a policy framework as determined by the Minister after consulting the MEC for local Government.

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

- (2) A Municipal Council must annually review
 - (a) The needs of the community
 - (b) Its priorities to meet those needs
 - (c) Its process for involving the communities
 - (d) Its organisational and delivery mechanism for meeting the needs of the community and

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

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

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

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

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

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

Photos

POLITICAL STRUCTURE

Function



MAYOR

(Mayor M. Matthys)

The Mayor is the chairperson of the Executive Committee. He performs the duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by the Municipal Council or Executive Committee



SPEAKER

(Speaker E.N. Vas)

Ensure the orderly flow of business, provide the Council with political leadership and strategy. Preside over meetings of the Council. Identify training needs of Councillors and address them.



CHIEF WHIP

(Cllrs. R Saal)

The Chief Whip bears the leadership responsibility of motivating, advising and instilling discipline among all members.

EXECUTIVE COMMITTEE (Chaired by the Mayor)

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



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

The entire Council comprises the following members:

NAME	WARD	PROPORTIONAL	PARTY
 AP Presley	1	No	
 R Ipinge	2	No	
 LA Tieties	3	No	
 RG Saal	4	No	
 E Padmaker	5	No	

 YE Scheffers	6	No	
 A Johnson	7	No	
 MJ Basson	8	No	
 MMM Mathys	9	No	
 EN Vas	10	No	

 CFP Bezuidenhout	PR	Yes	
 RW Cloete	PR	Yes	
 A Kampher	PR	Yes	
 CA April	PR	Yes	
 T Renier	PR	Yes	Hope For the Future

 M Basson	PR	Yes	Hope For the Future
 AC Kotzee	PR	Yes	Hope For the Future
 N du Plessies	PR	Yes	Hope For the Future
 SA Bruwer	PR	Yes	

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

The following Section 79 committees have been established:

Committee for Infrastructure Development

Committee for Institutional Development

The Executive Committee

Committee for Municipal Public Accounts (MPAC)

Local Labour Forum

Disciplinary Committee

Training Committee

(Members of the MPAC:

Municipal Public Accounts Committee (MPAC)

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

The primary functions of the MPAC are as follows:

- i. To consider and evaluate the content of the Annual Report and to make recommendations to the Council when adopting an oversight report on the Annual Report.
- ii. To examine the financial statements and audit reports of the Municipality and in so doing, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.

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

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

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

A complete administrative calendar is attached at Appendix B.

2.2 ADMINISTRATIVE GOVERNANCE

Administrative Governance Structures

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

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

In accordance with the MFMA s 61 (1)

The accounting officer of a Municipality must –

- (a) Act with fidelity, honesty, integrity and in the best interests of the Municipality in managing its financial affairs;
- (b) disclose to the Municipal Council and the mayor all material facts which are available to the accounting officer or reasonably discoverable, and which in any way might influence the decisions or actions of the Council or the mayor; and
- (c) seek, within the sphere of influence of the accounting officer, to prevent any prejudice to the financial interests of the Municipality.

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

TOP ADMINISTRATIVE STRUCTURE

Function

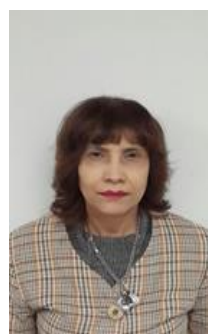


MUNICIPAL MANAGER

(Acting)

(Mr J Mac Kay)

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



DIRECTOR: CORPORATE SERVICES

(Adv. RS Neethling)

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



DIRECTOR: TECHNICAL SERVICES (ACTING)

(Mr M. Links)

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


DIRECTOR: FINANCE

(Mrs. AF Beukes)

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


DIRECTOR: PLANNING AND DEVELOPMENT

(Mr J Mac Kay)

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

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

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

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

The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Municipal Manager as an

Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

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



COMPONENT B: INTERGOVERNMENTAL RELATIONS (IGR)

2.3 INTERGOVERNMENTAL RELATIONS (IGR)

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

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

Constitutional Framework for Government in South Africa

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

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

- a) Draft National and Provincial policy and legislation relating to matters affecting Local Government;
- b) The implementation of National and Provincial policy and legislation with respect to such matters in the Municipality;
- c) Matters arising in the Premier's Intergovernmental Forum affecting the Municipality;

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

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

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

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

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

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

The District Intergovernmental Forum is a legislative structure constituted to ensure that the three spheres of government operate smoothly. Local Municipalities along with sector

departments meet on a monthly basis to discuss, share and address issues raised during the course of operation.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

i. Introduction

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

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

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

ii. IDP Process Plan

Section 21 of the MFMA requires the Mayor to table a time schedule that sets out the process to draft the IDP and prepare the budget, ten months before the start of the new financial year.

The Council subsequently approved a process plan and commenced with its implementation. The process plan was adopted in August 2021.

iii. IDP Representative Forum Meetings

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

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

The IDP Representative Forum is responsible for:

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

iv. Public Participation

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

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

- Tarred roads are in a terrible state
- Sports ground is in a terrible state. The Municipality is called to attend to that
- Demand for bins in strategic locations in town and suburb

- Concerns were raised about the lack of finances to the Budget - What is put in place to address this?
- Can the Council help people with wire and poles for fencing, or subsidize the acquisition, since people spoil the cemeteries by taking fences from the graves
- Service Delivery in Kanoneiland is not sufficient
- Where are the development for young people?
- Suggestion was made to use students who had matriculated, for the EPWP, to get work experience, as it is only for short periods (three months).
- An appeal is made to the Council, not to come to the community as an incomplete panel
- Appeal is made to Council to find ways to motivate people to pay their services
- Request that the final budget must be given to all

v. Compliance

- Draft IDP 2018/19 was approved on 28 February 2019.
- A final IDP was then tabled to Council on 31 May 2019 to accommodate changes that were made in the budget.
- Chapter 6 of the IDP outlines the linkage between the Local Municipality's strategic objectives and its long terms goals that find expression in the implementation of the Key Performance Indicators

vi. Challenges

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

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the Provincial KPIs on the 12 Outcomes	Yes

Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

2.6 WARD COMMITTEES

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

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

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

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

- The Constitution of the Republic of South Africa Act (Act No.106 of (1996);

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

Establishment of Ward Committees

Ward Committees have been established in all our wards

Status of Ward Committees

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

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

CHALLENGES ENCOUNTERED

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

COMPONENT D: CORPORATE GOVERNANCE

2.7 RISK MANAGEMENT

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

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

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

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

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

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

A complete risk assessment was done at the beginning of the 2014/15 financial year. All the policies and charters were approved and implemented. The Risk Management Committee has

been established and consists of all the directors of the Municipality as well as an external Chairperson. Risk follow ups were completed for quarter four and all the reports were timeously submitted to the Municipal Manager, Internal Auditor and the Audit Committee. All exceptions raised by internal audit were resolved for 2015/16 within this department. The Risk Committee chairperson was appointed during the 2015/2016 financial year.

The table below represents the Strategic Risk Register:

Risk description	Cause	Effect (Impact)	Inherent Risk (L,M,H)	Existing Controls
Inability to deliver core Municipal Services over a short to medium term	Poor conditions of equipment & machinery Ageing infrastructure Incompetent and skilled workforce	MFMA section 139 Sec 139 of the constitution Community protests Lawsuits	High	Ad hoc in-house maintenance of equipment & machinery Replacement of infrastructure such as pipes, pumps and water plants equipment Upgrading, for example the water purification plants Training interventions such as water quality management services
Organizational structure not responsive to the execution of constitutional mandate	Vacancies at critical positions Inadequate provision of functions/positions in the current organogram	Compromised service delivery	High	Appointment of personnel to act in vacant critical positions Processes to review the organogram me commenced in 2017
Lack of credible strategic planning instruments	Poorly designed objectives (not SMART) Non consideration of resources Inadequate Public participation processes	Non achievement of performance targets Compromised financial sustainability	High	No controls for SMART principle and allocation of resources during planning processes Public participation processes extended to settlements and not only wards

Lack of accountability and consequence management	Ineffective administrative & political oversight Poor administrative/political interface Non implementation of recommendations from oversight structures Perceived political interference	Noncompliance with applicable legislation & prescripts	High	Regular MPAC, Audit Committee and EXCO meetings Troika meetings between the Mayor, speaker and senior management Audit action plans
Lack of Financial Sustainability	Ineffective administration of indigents Ineffective measures to ensure that the KGLM meets financial obligations Poor revenue management Dependency on grants Unfunded budget	Financial distress Section 139 of MFMA	High	Annual updating of indigent register Debt collection unit (No control over grant dependency and unfunded budget)
Occurrence of Unauthorised, Irregular and Fruitless & wasteful expenditure	Inability to remain within the allocated budget Noncompliance with SCM processes Poor & improper planning within Departments Late payments to suppliers Political interference	Unfavorable audit opinion Noncompliance with applicable prescripts	High	No controls
Asset register may not be credible	Over/under stating of assets in the AFS Reclassification of prior year figures Incorrect disclosures	Unfavorable audit opinion	Medium	Annual physical asset verification for fixed assets Quarterly physical asset verification for movable assets Utilization of a Data logger

Business continuity	Poor ICT infrastructure	Reputational damage Disruption of services	High	No controls
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2.8 FRAUD AND ANTI-CORRUPTION

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

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

Annual and quarterly Fraud awareness sessions raise awareness levels within the institution. In its combat against all forms of Fraud and Corruption, the Municipality aims to remain proactive in the fight against fraud.

The Institute of Internal Auditors defines internal auditing as follows:

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

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

The Municipality approved its Fraud Prevention Policy on 28 June 2019.

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

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

2.9 SUPPLY CHAIN MANAGEMENT

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

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

SUPPLY CHAIN MANAGEMENT POLICY

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

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

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

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

The table on the following page reflects the tender register for 2020/2021:

Tender Register 2020/2021

Municipality: Kai !Garib Local Municipality
Date: 1-Jul-20
Year end: 30-Jun-21



								Price List				
Bid No	Date Advertised	Closing Date	Description	Department	Funding	Status	Responsible Person	Bidders	Tender Amount	Successful Bidder	Amount	Total Preference Points
T001/2021	10/07/2020	24/07/2020	KAKAMAS: REFURBISHMENT OF SEWERAGE PUMP STATIONS	PMU	MIG	Awarded	David Brand	Overrox Trading 55cc	R 4,522,493.91	Overrox Trading 55cc	R 4,522,493.91	100
								Taanil Construction Pty Ltd	R 3,506,017.08			
								Geezfix Pty Ltd	R 3,349,818.00			
								Reliable Builders	R 3,686,750.00			
T002/2021	10/07/2020	24/07/2020	KEIMOES: REFURBISHMENT OF	PMU	MIG	Awarded	David Brand	Overrox Trading 55cc	R 5,109,689.20	Reliable Builders	R 3,928,250.00	100

			SEWERAGE PUMP STATIONS					Taanil Construc tion Pty Ltd	R 4,077,52 2.57			
								Geezfix Pty Ltd	R 3,368,43 9.21			
								Reliable Builders	R 3,928,25 0.00			
T003/2 021	14/07/2 020	04/08/2 020	ELECTRICAL MATERIAL AND EQUPTMEN T	TECHNIC AL SERVICES	KGL M	Award ed	David Brand	ARB Electrical Wholesal ers	R 1,187,26 1.03	ARB Electrica l Wholes alers	R 1,187,261.03	100
							Arcon Projects 51	R 4,258,52 5.20				
							PH Marketin g	R 3,856,47 0.88				
							Jocastro Investme nts	R 3,026,30 0.00				
							Oitsego di ra General Trading	R 1,728,47 2.80				
							Aberdare Cables	R 45,203.9 1				

								Geezfix Pty Ltd	R 1,601,95 1.25			
								NB Mechani cal Sales	R 3,758,76 8.29			
T004/2 021	14/07/2 020	04/08/2 020	PERSONAL PROTECTIV E CLOTHING	OCCUPAT IONAL HEALTH AND SAFETY	KGL M	Award ed	David Brand	Kalahari Koti	R 3,031.00		R 3,031.00	
								S.T.Mog wera Enterpris e and Trading	R 4,620.25	Kalahari Koti & Pienaar Brother s		100
								Halsted and Co	R 3,642.05			
								Pienaar Brothers	R 3,642.05		R 3,642.05	
								Upington Web Adteljee	R 47,238.3 5			
T005/2 021		18/08/2 021	PAY OFFICE LANGVERW AGHT	FINANCE	KGL M	N/A	David Brand	Reonale Constructi on	R 2,834,55 5.08			
								Geezfix Pty Ltd	R 2,242,93 9.53	Not Yet Award		100
								Agvic Construc tion	R 2,166,30 0.48			
								Namakw a	R 1,738,53 1.38			

								Konstruk sie				
								Concept Studio 201 JV Riemvas maak Bouers	R 1,551,74 4.45			
T006/2 021		09/10/2 020	KAKAMAS CEMETERIE S	PMU	MIG	Award ed	David Brand	Elohim Erets Retailers	R 9,264,36 2.22	Elohim Erets Retailer s	R 9,264,362.22	100
								Maseleni Trading and Projects	R 10,638,4 76.70			
								Namakw a Konstruk sie	R 31,525,8 29.06			
								Gerson Matamel a Holdings	R 12,107,2 41.59			
								Overrox Trading 55cc	R 13,987,6 61.60			
								Mileston e Reflex	R 20,068,3 39.53			
								Ditro Tsa Trading	R 21,735,6 08.11			

								TR Plant Hire and Construction	R 11,507,291.35			
T007/2021	04/12/2020	31/03/2021	BANKING SERVICES	FINANCE	KGLM	N/A	David Brand	Absa Bank		Not Yet Award		100
								Standard Bank SA				
								Nedbank				
								First National Bank				
T008/2021	04/12/2020	18/01/2021	ACCOUNTING AND AUDIT EXPERTS CONSULTANTS	FINANCE	KGLM	Awarded	David Brand	Makomota Investment Holdings (Pty) Ltd		Panel Appointment		100
								Alerts Professional Services (Pty) Ltd				
								Samba Solutions (Pty) Ltd				
								SNG Grant Thornton				
								Matseba Chartered				

								Accountants Inc				
								Afrocentric IP Local Government Solution JV				
								Audit & Risk Management Solutions				
								Kgatontle Consulting (Pty) Ltd				
								Shumba Inc				
								Victorious Chartered Accountants Inc				
								EMS Solutions (Pty) Ltd				

								Mubesko Africa (Pty) Ltd				
								Nolands Advisory Services Bfn (Pty) Ltd				
								Itile Consultancy (Pty) Ltd				
								Sobote Charter Accountants				
								BTF Financial Advisory (Pty) Ltd				
								Mampudi Holdings				
								Morar Incorporated				
								JBN & Associates Inc				
T009/2021			ALHEIT CEMETERIES	PMU	MIG	Awarded	David Brand	Elohim Erets Retailers	R 3,406,154.81	Geezfix Pty Ltd	R 3,582,922.75	100

[illegible]

								Riemvas maak Bouers JV VMT Civils	R 10,150,7 52.15			
								Maseleni Trading and Projects	R 10,769,2 75.00			
								Taanil Construc tion Pty Ltd	R 11,108,8 46.71			
								Norati Enterpris es	R 14,038,3 76.72			
								Rennaisa nce Skills Centre	R 11,389,4 80.63			
								Bioka Trading	R 14,538,1 15.86			
								Elohim Erets Retailers	R 12,794,1 61.93			

2.10 WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the Kai ! Garib Municipal Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	YES
All current budget-related policies	YES
The previous Annual Report 2019/2020	YES
The Annual Report 2020/2021 to be published in 2022	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 1) and resulting scorecards	YES
All service delivery agreements 2020/2021	YES
All long-term borrowing contracts 2020/2021	YES
All supply chain management contracts above a prescribed value R100 000 for 2020/2021	YES
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2020/2021	YES
Contracts agreed in 2020/2021 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	YES
Public-private partnership agreements referred to in section 120 made in 2020/2021	N/A
All quarterly reports tabled in the Council in terms of section 52 (d) during 2020/2021	YES

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

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

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

libraries. The ITC unit unfortunately suffers from poor infrastructure. An ITC recovery plan is needed to address all the issues as pointed out by the Auditor General. Kai !Garib receives support from the District Municipality as well as SALGA.

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

Updated news on Municipal events

Updated copies of the Municipality's publications

Updated pictures of events which took place

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

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

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

PUBLIC SATISFACTION LEVELS

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

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

2.12 OVERSIGHT COMMITTEE

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

2.13 BY-LAWS

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

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

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

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

The Municipality does not deliver any services through Municipal entities.

COMPONENT A: BASIC SERVICES

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

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

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

Municipal Infrastructure Grant

1. INTRODUCTION

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

The objectives of the evaluation are to report on the progress of the MIG programme implementation for 2020/2021 financial year.

2. BACKGROUND

2.1 Programme History

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

2.2 Grant Purpose

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

The outputs of the programme for are: -

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

2.3 Allocation for the past 3 years

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

Table 1: MIG allocation

	2018/2019	2019/2020	2020/2021
Original allocation (R')	22 036 000	22 416 000	22 290 000
Roll over approved	-	-	-
Additional allocation	-	-	-
Approved allocation	5 214 000	-	274 000
Final allocation	16 822 000	22 416 000	22 016 000
Amount spent	13 807 037	20 858 480	22 812 811
Amount not spent	3 014 963	1 557 520	-

2.4 Key Challenges since onset (establishment of the programme)

- Financial constraint of the municipality resulted that service providers not to be paid on time.
- There is no Civil technician in the PMU and this impacts negatively on the work.
- The procurement procedures that delayed the commencement of projects.
- The retirement of the previous PMU Manager in December, with no permanent appointment.

3. EVALAUTION

3.1 Progress to date

Table 2 below provides summary of progress in relation to projects implemented during the 2020/2021 financial year.

Table 2: 2020/2021 summary project progress

Notional Register number	Project Name (notional state) Name for the work in the MFC	Project start date	Project Status	Total Project Cost	Registered MFC Funds	Counter-funding	MFC Expenditure on Previous allocations (incl 2020)	Counter-funding on MFC Expenditure (incl 2020)	Total MFC Expenditure 2020 (incl 2020)	Counter-funding 2021 (incl 2021)	Total Actual Project Expenditure	MFC Registered Value Balance (Actual)	Total Project Cost Balance
N0003 SW 17 19	Kemones Development of new landfill site	01/07/2017	Feasibility Study	17,045,769	17,045,769	0	688,978	0	0	0	688,978	16,356,791	16,356,791
N0003 SW 17 19	Carriestump Development of new landfill site	01/07/2018	Feasibility Study	7,879,506	7,879,506	0	320,248	0	0	0	320,248	7,559,258	7,559,258
N0055 W 19 20	Carriestump East (topping off) new Water Supply (MFC 135)	12/12/2019	Practical Completed	10,200,558	8,359,624	1,940,944	7,865,719	0	586,612	2,055,794	10,288,165	749,233	-7,617
MFC-SMIF N00691 W 20 20	Kai-SMIF 2020 21 Rehabilitation (Ragep) (SC274 Emergency Water Supply)	13/05/2020	Practical Completed	2,948,369	2,948,369	0	2,467,072	0	97,592	1,003,548	3,568,162	283,755	-719,733
MFC-SMIF N00693 S 20 20	Kai-SMIF 2020 21 Kemones Rehabilitation of Sewer Pump Station	11/05/2020	Practical Completed	6,891,568	6,891,568	0	1,750,889	0	5,113,233	492,463	7,351,095	26,597	-465,527
MFC-SMIF N00693 S 20 20	Kai-SMIF 2020 21 Kemones Rehabilitation of Sewer Pump Station	11/05/2020	Practical Completed	6,282,091	6,282,091	0	1,851,046	0	3,659,508	944,520	6,654,666	791,127	-535,374
MFC-SMIF N00724 W 20 21	Kai-SMIF 2020 21 Limestone Rehabilitation Water Purification Plant	30/10/2020	Construction	2,673,152	2,259,000	444,152	0	0	2,229,000	2,412,892	4,441,892	0	-1,989,940
MFC-SMIF N00725 DM 20 21	Kai-SMIF 2020 21 N0082 Sanitation Public Facilities	30/10/2020	Construction	559,000	559,000	0	0	0	304,910	0	304,910	264,097	264,097
N00710 C 20 21	Kemones Construction of New Cemetery (MFC 149)	30/10/2020	Construction	12,267,420	10,427,307	1,840,113	0	0	9,029,547	0	9,029,547	1,387,780	3,227,873
N00711 C 19 21	Alhert Construction of New Cemetery (MFC 155)	20/10/2021	Registered	3,555,572	3,022,256	533,316	0	0	175,855	0	175,855	2,846,381	3,239,717
N00713 AS 20 20	Landing Access & Culvert Roads (MFC 154)	20/10/2021	Registered	13,308,371	11,307,866	1,995,506	0	0	875,354	0	875,354	11,432,512	12,428,018
TOTAL				59,785,511	53,651,561	6,133,950	14,665,122	0	22,812,811	6,949,191	44,418,044	41,038,054	44,838,657

Detailed progress on projects implemented over the 2020/2021 financial year are reflected in the tables below:

Project #1: Kakamas: Construction of New Cemetery (MIG 1474)

The project commenced on the 12 November 2020, and the completion of the project was on the 30 July 2021. The project was divided in to two phases. The need for the project was identified due to the old cemetery that had no site for burial any more.

The works entailed mainly comprised of the construction of infrastructure on two different cemetery sites. The infrastructure to be developed consist of pre-excavation of graves, ablution facilities, access and internal roads and storm water structures.

The purpose of the project was too pre-excavate graves to accommodate Site 1: Adult graves – 713, Child graves – 450 respectively. Site 2: Adult graves – 3267 and Child graves – 1258

The project scope entails the following items: the ablution facility and store room of approximately 18m² at each site. A water supply line was connected to existing water network, with water meters on site. A clear View fence was erected on both the sites.

We also utilized savings on the project to pay for a security up till the month of Aug 2021.

Funding registered by MIG

Total Project Costs	MIG Funds	Counter Funding
R 12 267 420	R 10 427 307	R 1 840 113

Project Expenses

Total Project Costs	MIG Funds	Counter Funding
R 9 039 547	R 9 039 547	R1 387 760

The main challenges of the projects were the delay of the rock that was excavated on both sites. The main delay was also the fact that council took time to relocate the people who occupied the cemetery site one.

Project #2: Blaauwskop (Plangeni) SK2724: Emergency Water Supply

The specific project started on the 13 May 2020 and was handed over and completed on the 18 December 2020.

The project scope entails the installation of a water package plant package plant at Plangeni. The package plant was moved from Blaauwskop Purification plant. The electricity supply from Eskom, the pump and motor installation of two steel reservoirs, one ground level and the other on a 10m high scaffolding. The distribution network supply WATER TO 10X10KL JoJo tanks distributed throughout the residential are. The tanks are provided with taps.

Total Project Costs	MIG Funds	Counter Funding
R 3 568 162	R 2 848 369	R 0

Project Expenses

Total Project Costs	MIG Funds	Counter Funding
R 3 568 162	R 2 848 269	R 719 793

Overspending of R 719 793.00

Project #3: Kakamas: Refurbishment of Sewer Pump Station

Total Project Costs	MIG Funds	Counter Funding
R 6 891 568	R 6 891 568	R 0

Project Expenses

Total Project Costs	MIG Funds	Counter Funding
R 7 357 095	R 6 891 568	R 465 527

Over spending on the project: R 465 527.00

Project #4: Keimoes: Refurbishment of Sewer Pump Station

Total Project Costs	MIG Funds	Counter Funding
R 6 282 091	R 6 282 091	R 0

Project Expenses

Total Project Costs	MIG Funds	Counter Funding
R 6 435 466	R 6 282 091	R 153 375

Overspending of R 153 375

Both projects commenced on the 11 May 2021 and was successfully completed on the 2 February 2021. The project details entail the refurbishment of sewage pump station in both Kakamas and Keimoes. The purchase, installation and construction of the motor control system was done by requesting quotes from nominated suppliers. The civil contractor for each project was appointed through a tender process. The purchase and installation of the pump components for connections was done to the existing network. The existing fence was removed and replaced by a safety cage around the pumps and motors.

Project #5: Lennertsville: Refurbishment Water Purification Plant

BVi Consulting Engineers was appointed for the Refurbishment of the Lennertsville Water Treatment Plant in October 2020 for a total contract value of R 2 673 051.95 The project was requested through the Department of Water and Sanitation as there was a crisis in supplying Kenhardt with sufficient water. Although the project started in Oct 2020, the actual construction work was done in April 2021.

The works entailed the refurbishment of the mechanical and electrical equipment, as well as the telemetry system at the Lennertsville and Kenhardt water supply. Replacement of pumps and motors at the river abstraction as well as within the water treatment plant and the booster station.

The problem was discovered that the original dosing pumps had to be replaced as it was not in use anymore. The estimated cost to replace the dosing pumps was approximately R 150 000.

We have also replaced the chemical dosing with in the plant. The project was completed on the 30 June 2021. However, we identified flow meters that were not in use, the cost will also be counter fund by the Council.

Total Project Costs	MIG Funds	Counter Funding
R 2 673 052	R 2 229 000	R 444 052

Project Expenses

Total Project Costs	MIG Funds	Counter Funding
R 4 641 892	R 2 229 000	2 412 892

Overspending on the project: R 1 968 840

Project #6: Lutzburg: Access & Collector Roads (MIG 1540)

The site was handed over to the Contractor on the 15 July 2021. The project is a 6-month project and the project is currently under construction.

The scope of the project is to pave the access roads of a total length of 3 55m and road with of 5.0m and 6.0m with precast concrete curbing. There will be road signs and stormwater drainage facilities. Accredited training to be including as part of the project.

Total Project Costs	MIG Funds	Counter Funding
R 13 303 371	R 11 307 860	R 1 955 506

Project Expenses

Total Project Costs	MIG Funds	Counter Funding
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R 875 354	R 875 354	0
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Available funding is R12 428 018

Project #7: Alheit: Construction of New Cemetery (MIG 1355)

The site was handed over in June 2021. The construction progress was since delayed due to an unrest in the community of Alheit. The Contractor has still not able to be on site. The continuous delayed in the community will lead to extra costs on the project, late completion and a negative influence on the MIG spending.

This period of the project is three-month project and we anticipated to complete the project by September 2021. Contractor has also submitted a letter of extension and the final completion will be in November 2021.

Total Project Costs	MIG Funds	Counter Funding
R 3 555 572	R 3 022 236	R 533 336

Project Expenses

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

Available funds on project: R2 846 381

Project #8: Kai5-SMIF 2020/21 NC082_Sanitisation Public Facilities

The project started in July 2021. The purpose of the project was to disinfect the public areas in the Kakamas, Keimoes and Kenhardt area as well as the Municipal Public Facilities.

The areas were disinfected by means of a high-pressure pump connected to a 100l tank. 3 of the trailers were purchased for to accomplish our goal.

Total Project Costs	MIG Funds	Counter Funding
R 569 000	R 569 000	R 0

Project Expenses

Total Project Costs	MIG Funds	Counter Funding
R 304 903	R 304 903	0

Available fund on project: R 264 097.00

3.2 Monitoring

- *Indicate how projects are monitored*
 - *Attendance Monthly site visits by technical staff*
 - *Input from Health and Safety Officials regarding safety on site as well as report on Covid -19 issues.*
 - *Input from Community Liaison Officer employed of Labour and human resource activities on site.*
- *How is reporting done*
 - *Monthly reporting at Infrastructure, Executive Committee & General Council Meeting*
 - *Monthly reports to be submitted for evaluation on MIG MIS*
- *Coordination of other stakeholders*
 - *Finance department oversee payments of consulting engineer firms and contractors*
 - *Technical department assisting with evaluation of quality of work done by contractors, which is also part of site meetings.*
 - *The establishment of local community based committees for input from the beneficiaries.*
 - *Reports submitted to the Infrastructure Committee of the Council*

- *Risks and Management thereof*
 - *Appointment of B-BBE Contractor. Bi-weekly site visits by consulting engineering firms and representative of Council.*
 - *Members of the Infrastructure Committee is part of the site meetings.*
 - *Community Liaison Officer appointed as a contact between the community and the contractor on hiring of local labourers.*

3.3 Management of the Programme

- *Indicate PMU structure (any vacancies and for long?)*
 - *PMU Manager with a National Diploma Electrical Engineering(went on retirement end Dec 2020)*
 - *Administration Official: MIG WITH National Diploma Internal Auditing;*
 - *Administration Official EPWP WITH n6 Commerce: Business Management*
 - *Acting PMU Manager: National Diploma Civil Engineering*
 - *EPWP Coordinator with Matric with Commerce as well as a Health & Safety Practitioner*
- *Where vacancies exists, indicate challenges for filling the positions*
 - *The shortage of a technician at the PMU impact negatively on the work of the PMU.*
- *Utilization of the MIG MIS (provide update on addressing backlog)*
 - *Data is captured on a monthly basis*
 - *Backlog also captured on a monthly basis.*
- *Capacity building initiatives for the staff during the period.*
 - *Scheduled Project Management training as part of the Business plan has not been adhered to sending staff for the specific course.*

3.4 Results and beneficiaries

The 2020/2021 service delivery performance:

- Number of poor households impacted through the construction of new infrastructure and upgrading and renewal of existing infrastructure for:
 - ✓ 1 146 households provided with basic service water services
 - ✓ 6 794 households provided with basic sanitation services
 - ✓ 455 households provided with street lighting and community lighting

- Number of infrastructure constructed (new infrastructure, upgraded or renewed):
 - ✓ 0 central collection points for refuse developed
 - ✓ 0 refuse transfer stations developed
 - ✓ 2 solid waste disposal sites developed
 - ✓ 0 sports and recreation facilities developed
 - ✓ 0 public facilities developed (*please ensure that those developed are specifically mentioned, e.g. community hall, ECD centers, etc.*)
 - ✓ 0 kilometers of municipal roads developed.
 - ✓ 96 job opportunities and 1425 FTE's created using EPWP guidelines.

3.5 Key Challenges

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

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

4. CONCLUSIONS

- *What were the main successes and failures of the programme to date (causes underlying the outcomes and outputs)?*
 - ✓ **Improving the supply of water to different communities**
 - ✓ **Completion of the Kakamas cemetery**
- *Do outcomes, outputs, successes and failures justify the costs?*
 - ✓ **Indeed it did justify the costs.**

- *Where the objectives achieved within specified time and budget?*
 - ✓ **It was met.**
- *How far have the projects been embedded in local institutions structures to ensure sustainability or acceptance of the programme?*
 - ✓ **Approval of the local communities**
- *Were there any other stakeholders adequately prepared for project activities (technically, financially)?*
 - ✓ Due to financial position of the municipality all operation and maintenance programmes were not effectively implemented.

5. LESSONS LEARNED

The fact that we had a shortage of technical skills reflected in the number of refurbishment to be done in both water and sanitation

6. RECOMMENDATIONS

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

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

3.1 WATER PROVISION

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

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

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

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

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

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

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

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

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

Process monitoring and optimization as well as efficient use of treatment chemicals are also factors that influence the water quality. In example, if the incorrect amount of a specific chemical that removes particles in the water is dosed, the process of sedimentation (which is the settling of these particles to the bottom of a tank) does not take place correctly and the

water will be unclear and full of dirt. This will result in a failure on the BDS system since the laboratory will find these particles in the water samples.

Summary of root causes:

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

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

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

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

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

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

Water Provision

Kai !Garib Local Municipality has 3 bulk treatment plants, namely Kakamas, Keimoes and Lennertsville bulk treatment plants and has 10 package plants, with some settlements getting transported purified water. The Kakamas, Keimoes and Lennertsville Treatment Plants run at 100%, 70% and 51% capacity respectively during peak times of the year. Whilst all small package plants run at their optimum (beyond design) capacity. The fact that our treatment plants run at their optimum capacity brings a problem of reduction in the mechanical utilities

design life span thus it results in an increase in operational cost, work load, reduction in service delivery and most importantly less service developments not forgetting its treatment efficiency. Adding to the above said, the utilities used are not of the latest technology which leads to the scarcity of repair material and increase in repair costs.

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

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

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

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

3.2 WASTE WATER (SANITATION) PROVISION

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

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

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

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

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

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

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

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

3.3 ELECTRICITY

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

The Municipality IS currently only distributing electricity within the three main towns. The smaller settlements around the three main towns are served by Eskom directly. The challenge

however still exists that some of the households within the settlements don't have any access to electricity. The informal areas within the Municipality are posing a great challenge in terms of providing electricity. Households without access to electricity usually make use of wood for fire and candles and paraffin for lighting. Not all informal settlements are fully electrified. The need of bulk electricity services also poses a challenge to areas such as Kakamas, Keimoes and to a lesser extends Kenhardt.

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

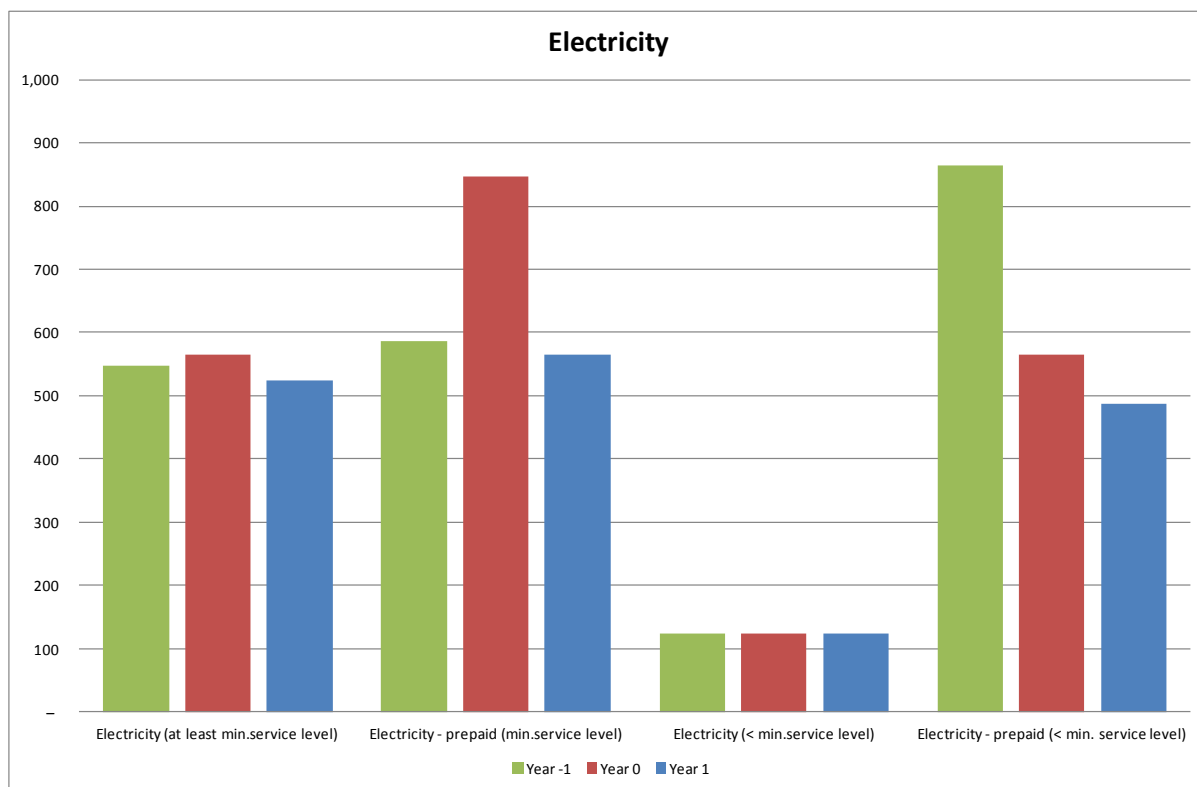
These other sources of energy mentioned pose various dangers and is environmentally unsustainable. The Municipality is however very optimistic about the future due to the rise of Solar Energy Developments in the Municipal area. The climate of the Municipal area is favourable to this environmentally friendly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

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

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

There is potential for further IPPs to become operational in the Municipality, several are in the planning stages. Kai !Garib Municipality is also a participant in the ZF Mgcawu Development Forum, an initiative coordinated by the IDC which aims to ensure that integrated development planning and implementation of regional projects take place. This includes the renewable energy and mining plants, together with other industry stakeholders

such as agricultural, business and civil society stakeholders. Kai !Garib Municipality recognises the importance of participating in this forum to provide a platform for partnerships for regional socio-economic growth.



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

Applications for electrification in ESKOM areas are already completed.

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

3.4 HOUSING

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

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

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

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

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

The indigent register is closely monitored and updated. In addition to the previously mentioned a vigorous effort is been made to revisit the register. Currently the total number of indigents in Kai !Garib were 4 229 on 31 May 2019. However, the registration process of indecency is continuing for this budgetary period up until 30 June 2019. The time schedule of the indigent registration process has commenced.

Challenges in terms of the Finance Department:

- Ensuring that the resources are distributed evenly through the vast area of our Municipality;
- High rate of unemployment which accounts for the low payment rate amongst certain members of the community;
- The Municipality has in the last 5 years relied heavily on grants received from National Government. The needs of communities far exceed the income that the Municipality receives for services rendered to communities;

- This situation has handicapped Council in its plans to develop the economic base of the Municipality;
- Controlling measures: setting up and implementation;

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

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

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

3.6 ROAD TRANSPORT

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

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

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

COMPONENT B: PLANNING AND DEVELOPMENT

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

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

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

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

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

Gross Domestic Product by Region (GDP-R)

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

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

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

Year	Kai !Garib	ZF Mgcawu	Northern Cape	National Total	Kai !Garib as % of District Municipality	Kai !Garib as % of province	Kai !Garib as % of National
2008	3.1	12.9	54.7	2,369.10	23.60%	5.60%	0.13%
2009	3	13.1	54.4	2,507.70	23.20%	5.60%	0.12%
2010	3.3	14.6	60.1	2,748.00	22.70%	5.50%	0.12%
2011	3.5	15.7	64	3,023.70	22.50%	5.50%	0.12%
2012	3.7	16.8	68.2	3,253.90	22.40%	5.50%	0.12%
2013	4	17.9	72.6	3,540.00	22.20%	5.50%	0.11%
2014	4.7	20.7	83.5	3,805.30	22.70%	5.60%	0.12%
2015	5	21.5	86.2	4,049.90	23.20%	5.80%	0.12%
2016	5.2	22.6	90.4	4,359.10	23.00%	5.80%	0.12%
2017	5.5	24.2	96.5	4,653.60	22.80%	5.70%	0.12%
2018	5.6	24.6	98.2	4,873.90	22.80%	5.70%	0.12%

Source: IHS Markit Regional eXplorer version 1692

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

similar in importance from 2008 when it contributed 0.13% to South Africa, but it is lower than the peak of 0.13% in 2008.

Economic Growth Forecast

It is expected that Kai !Garib Local Municipality will grow at an average annual rate of 0.09% from 2018 to 2023. The average annual growth rate in the GDP of ZF Mgcawu District Municipality and Northern Cape Province is expected to be -0.87% and 0.39% respectively. South Africa is forecasted to grow at an average annual growth rate of 1.60%, which is higher than that of the Kai !Garib Local Municipality.

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

3.7 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

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

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

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

The key characteristics of EPWP projects are listed below:

- a) They employ large numbers of local, low skilled, unemployed persons who are willing to work, defined as the EPWP target group
- b) They are highly labour intensive: a large percentage of the overall project costs are paid out in wages to the EPWP target group
- c) They provide a service to or develop an asset for the community.”

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

THE EPWP Incentive Grant

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

The following projects were implemented with this grant:

Infrastructure 1

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

Tourism

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

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

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

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

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

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

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

COMPONENT C: COMMUNITY AND SOCIAL SERVICES

The Municipality provides support to the community through

1. Providing free access to information and the internet.
2. Easy access to community halls which are situated close to the communities.
3. Providing free assistance for rebuilding houses that were damaged in fires and strong winds by means of providing material.

3.8 LIBRARIES

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

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

The table below reflects the type of activities conducted by the various libraries across the Municipality in the book year 2021-2022.

DATE	ACTIVITY	LIBRARY	TARGET GROUP	TOTAL REACHED
15 Oct 2021	Marketing Program	Kenhardt Libraries	College Students	20
18 Nov 2021	Outreach program to Loxtonvale Primary School	Keimoes Libraries	Grade R Learners	18
16 Mar 2022	National Library Week Program	Kenhardt Libraries	Historical Events Grade 4 & 9 Learners	25
16 March 2022	National Library Week Program	Kakamas Libraries	Historical Events Grade 7 Learners	30
17 March 2022	National Library Week Program	Keimoes Libraries	Historical Events Grade 9 Learners	25
28 June 2022	Youth day Program	Keimoes Libraries	Distribution of soup to street children	65

3.9 CEMETERIES

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

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

Sport and recreation

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

3.10 SPATIAL PLANNING AND LAND USE MANAGEMENT

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

3.11 PROJECT MANAGEMENT

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

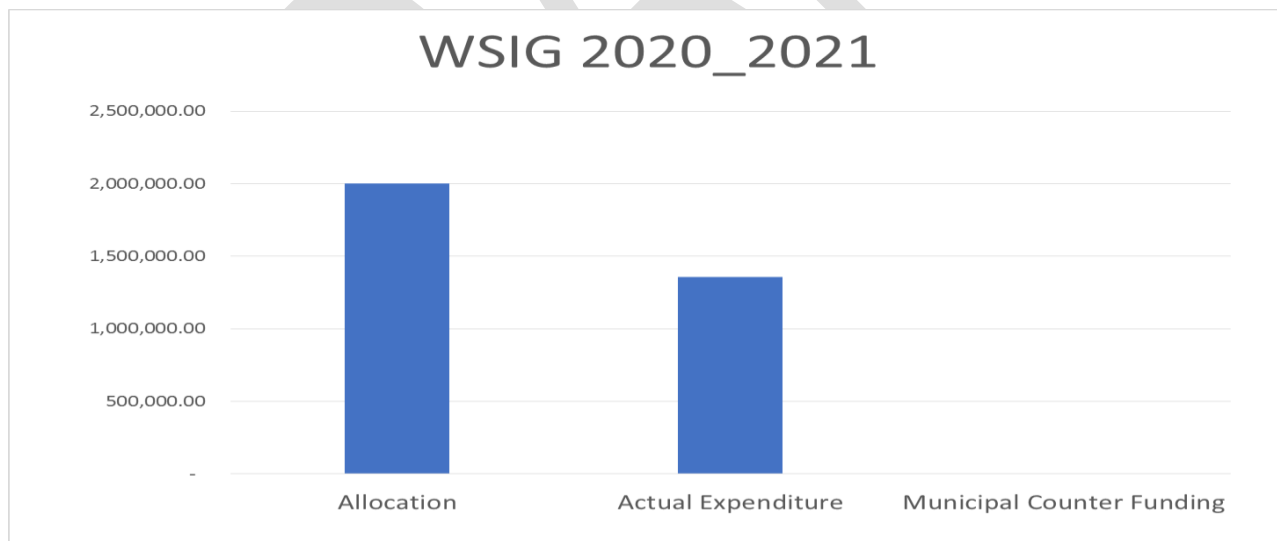
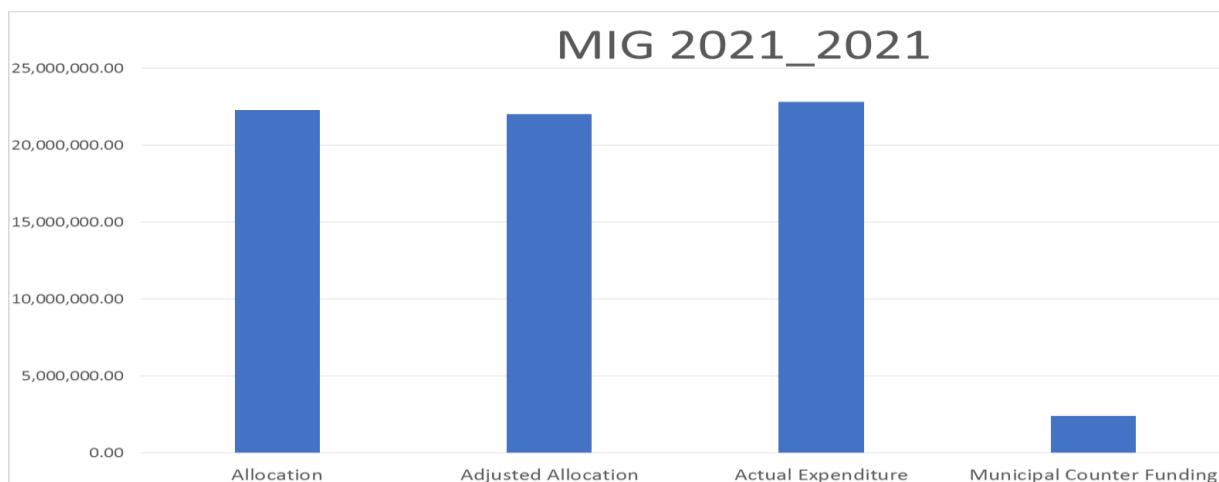
The Municipal Infrastructure Grant

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

- Consolidated Municipal Infrastructure Programme;
- Water Services Projects; • Community Based Public Works Programme;
- Local Economic Development Fund;

- Building for Sports and Recreation Programme;
- Integrated National Electrification Programme to local government and the Integrated National Electrification Programme implemented by Eskom; and
- Urban Transport Fund.

The MIG expenditure for 2020/2021 is as follows:



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

3.12 EXECUTIVE AND COUNCIL

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

Council Meetings	Special Council Meeting	Portfolio Standing Committee	MPAC Meeting
26/02/2021	29/01/2021	25/02/2021	26/02/2021
26/05/2021	11/02/2021	04/03/2021	31/03/2021
	04/03/2021	05/03/2021	29/06/2021
	31/03/2021	21/05/2021	
	13/04/2021		
	19/04/2021		
	29/04/2021		

CHAPTER 4

HUMAN RESOURCE SERVICES COMPONENT A: HUMAN RESOURCE MANAGEMENT

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

- Human Resource Management Unit
- Human Resource Development Unit

Overall management of comprehensive Human Resources Management policies and processes to ensure that the efficient Human Resource Systems and Procedures, compliance

with Human Resource Management legislation and practices, are maintained in the Local Municipality.

Administration

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

Remuneration

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

Leave

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

Human Resource Provisioning

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

COMPONENT B: HUMAN RESOURCE DEVELOPMENT

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

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

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

Our central concern is to accelerate Wellness Programs that address continuous employee demands and challenges in order to stimulate excellent employee performance. Therefore our Human Resource Development approach is multipronged, comprising of a high-and

intermediate-level skills strategy on the supply side, underpinned by a demand strategy that stimulates large-scale labor absorbing employment growth supported by appropriate inputs of low-level skills training (for both employed and unemployed people).

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

ANNUAL REPORT EMPLOYEE TOTALS	EMPLOYEES	APPROVED POST	EMPLOYEES	VACANCIES
OFFICE OF THE MM	2	2	1	1
STRATEGIC MANAGEMENT	1	1	1	0
COMMUNICATION AND IGR	13	13	10	3
INTERNAL AUDIT	4	4	3	1
RISK MANAGEMENT	2	2	1	1
OFFICE OF THE MAYOR	7	7	7	0
OFFICE OF THE CFO	1	1	1	0
EXPENDITURE	5	5	5	0
ASSETS	8	8	7	1
SCM	7	7	5	2
BTO	2	2	2	0
INTERNS FMG	5	5	5	0
CORP SERVICE DIRECTOR	1	1	1	0
ADMIN AND COUNCIL	3	3	2	1
REGISTRY AND ARCHIVES	2	2	2	0
CLEANING AND MAINTENANCE	18	18	10	8
HRM	7	7	4	3
HRD	3	3	3	0
LABOUR RELATIONS	3	3	1	2
SECURITY	28	28	24	4
IT	5	5	1	4
PLANNING & DEV DIRECTOR	1	1	1	0
TOURISM & LED	7	7	6	1
IDP	4	4	3	1
PMU	5	5	4	1
HOUSING	8	8	7	1
TOWN PLANNING	4	4	2	2

DISASTER	1	1	1	0
PMS	3	3	3	0
TOTALS	160	160	123	37

4.2 POLICIES

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

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

(Please see Appendix A for a list of additional policies adopted by Council for implementation during 2021/2022)

4.3 LABOUR RELATIONS

Functions of Labour Relations:

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

Number and Period of Suspensions

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

Disciplinary action taken on cases of Financial Misconduct

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

4.4 SKILLS DEVELOPMENT AND TRAINING COMPETENCY DEVELOPMENT (CPMD)

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

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

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

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

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

New Reporting Template- Gazette 41996 of 26 October 2018

Surname	Name	ID number (Type in all 13 digits, with no spaces)	Position (Select from scroll button)	Date of employment (before or on/after Gazette 41996)	Higher Education Qualification (New NQF Levels)	All relevant Work Related Experience (select from scroll button)	Performance Agreements and FM and SCM Levels (select from scroll button)	Financial and SCM Competency Areas	Insert the number of completed unit standards eg. 3,5,10 etc.	Remaining unit standards
Neethling	Rowena	6110030074083	Senior Manager (MSA S56)	2013/12/01	NQF Level 9 – Master of Law-LLM	7 years and more	Signed Performance Agreements signed, FM & SCM levels completed	9	24	4
Mackay	Johnny	6407255218084	Accounting Officer	2013/12/01	NQF Level 10 Doctorate Degree	7 years and more	Signed Performance Agreements signed, FM & SCM levels completed	10	28	0
Links	Mario	6707155196086	Senior Manager (MSA S56)	2019/09/01	NQF Level 6 –	5 years and more	Performance Agreements signed, FM & SCM levels	6	0	28

					Diploma in Civil Engineering		NOT YET completed			
Beukes	Anthanique	8304140133081	CFO Municipality	2019/09/01	NQF Level 7 - BCom Degree	5 years and more	Performance Agreements signed, FM & SCM levels NOT YET completed	7	16	12
Matthews	Gavin	8111015182089	Middle Manager: Finance	2009/08/05	NQF Level 6 -	4 years and more	Performance Agreement not required, FM & SCM levels completed	6	15	0
Visagie	Clinton	8301285225086	Middle Manager: Finance	2006/10/02	NQF Level 6 -	5 years and more	Performance Agreement not required, FM & SCM levels completed	6	15	0
Scheepers	Willem	8604195095089	Middle Manager: Finance	2014/04/01	NQF Level 5	5 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	5	9	4
Adams	Elizabeth	6611020197081	Middle Manager – Corporate Services	1991/06/03	NQF Level 5	7 years and more	Performance Agreement not required, FM &	5	0	0

							SCM levels NOT YET completed			
Plaag	Aloysius	6502065213083	Middle Manager – Corporate Services	2015/02/02	NQF Level 6	5 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	0	0
November	Alcord	8511205158080	Middle Manager – Corporate Services	2017/03/01	NQF Level 6	4 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	13	0
Rooi	George	7105265614081	Middle Manager – Corporate Services	2012/04/01	NQF Level 5	7 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	5	0	0
Steenkamp	Desmonia	8509230139083	Middle Manager – Office of the Mayor	2014/04/01	NQF Level 6 -	7 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	0	0
Majiedt	Elzaine	8603060122085	Middle Manager – Corporate Services	2011/11/01	NQF Level 6 -	7 years and more	Performance Agreement not required, FM & SCM levels NOT YET completed	6	0	0
Damarrah	Willem	6407165982084	Middle Manager – Corporate Services	2018/08/01	NQF Level 6 -	3 years and more	Performance Agreement not required, FM &	6	0	0

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

Comment on Skills Development

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

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

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

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

CHAPTER 5

FINANCIAL INFORMATION COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENT OF FINANCIAL POSITION

KAI !GARIB LOCAL MUNICIPALITY

(Demarcation code: NC082)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Notes	2022	2021 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	917,164	1,349,670
Inventories	4	378,222	492,963
Other financial assets	5	767,328	2,366,465
Receivables from exchange transactions	6&8	32,011,252	8,279,283
Receivables from non-exchange transactions	7&8	7,151,454	7,520,657
VAT receivable	9	40,386,565	27,259,629
Total Current Assets		81,811,886	47,288,887
Non-Current Assets			
Receivables from non-exchange transactions	7	1,773,796	136,093
Heritage assets	10	112,955	112,955
Intangible assets	11	32,020	66,539
Investment property	12	149,238,673	155,184,441
Property, plant and equipment	13	800,306,520	809,049,730
Total Non-Current Assets		861,463,864	884,648,768
Total Assets		1,033,076,849	1,011,818,426
Liabilities			
Current Liabilities			
Consumer deposits	14	2,283,930	2,107,055
Employee benefit obligation	15	1,746,474	2,332,754
Finance lease obligation	16	1,029,903	869,902
Other financial liabilities	17	13,904,465	12,951,670
Payables from exchange transactions	18	730,298,103	570,390,120
Unspent conditional grants and receipts	20	7,110,266	148,238
Total Current Liabilities		768,373,141	688,889,739
Non-Current Liabilities			
Employee benefit obligation	15	23,721,527	21,805,918
Finance lease obligation	16	836,799	833,016
Other financial liabilities	17	-	238,344
Provisions	19	63,267,954	60,167,824
Total Non-Current Liabilities		87,828,880	83,045,102
Total Liabilities		844,188,821	871,444,841
Net Assets		188,878,128	340,373,684
Accumulated surplus		188,876,110	340,373,684
Total Net Assets		188,876,110	340,373,684

The accounting policies on pages 23 to 54 and the notes on pages 55 to 123 form an integral part of the unaudited annual financial statements.

5.2 STATEMENT OF FINANCIAL PERFORMANCE

KAI !GARIB LOCAL MUNICIPALITY

(Demarcation code: NC082)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance for the year ended 30 June 2022

Figures in Rand	Notes	2022	2021 Revised*
Revenue			
Revenue from exchange transactions			
Agency services	21	411,125	576,172
Interest income	22	9,208,767	5,346,590
Licences and permits	23	857,671	831,484
Rental of facilities and equipment	24	407,636	818,327
Service charges	25	111,254,594	107,689,012
Operational revenue	26	3,608,209	1,437,872
Total revenue from exchange transactions		125,748,002	118,889,467
Revenue from non-exchange transactions			
Property rates	27	23,381,183	22,463,257
Interest income	28	4,036,564	4,654,055
Transfer revenue			
Fines, penalties and forfeits	29	10,900	10,400
Government grants and subsidies	30	124,395,972	136,600,282
Public contributions and donations	31	983,124	54,247
Total revenue from non-exchange transactions		162,807,743	183,782,241
Total revenue		278,665,746	280,481,888
Expenditure			
Bulk purchases	32	87,628,189	76,781,365
Contracted services	33	59,472,940	50,266,095
Debt impairment	34	27,883,141	47,722,971
Depreciation and amortisation	35	36,130,216	35,541,697
Employee related costs	36	135,537,532	130,982,888
Finance costs	37	34,871,050	22,448,955
General expenses	38	31,617,489	32,980,190
Remuneration of councillors	39	7,748,145	7,189,487
Total expenditure		420,888,702	403,813,848
Operating deficit		(142,332,867)	(123,431,860)
Loss on disposal of assets and liabilities	12	(11,963,641)	(6,877,988)
Actuarial gains	15	1,268,600	987,331
(Impairment loss) Reversal of impairments	40	(4,487,340)	1,039,053
Fair value adjustments	41	6,017,873	7,187,193
Deficit for the year		(161,487,485)	(121,088,381)

The accounting policies on pages 23 to 54 and the notes on pages 55 to 123 form an integral part of the unaudited annual financial statements.

5.3 GRANTS

KAI !GARIB LOCAL MUNICIPALITY

(Demarcation code: NC082)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements for the year ended 30 June 2022

Figures in Rand	2022	2021
27. Property rates		
Rates received		
Property rates	23,381,183	22,463,257
	23,381,183	22,463,257
Valuations		
Residential	802,922,000	5,282,119,655
Business properties	320,194,000	172,244,200
Commercial properties	209,637,000	21,316,700
Municipal	247,041,000	174,228,000
Small holdings and farms	6,543,046,000	7,974,000
Government buildings	358,396,000	894,789,000
Public buildings	15,767,000	-
Vacant land	60,895,000	6,901,000
	8,667,888,000	8,668,672,655
The new general valuation will be implemented on 01 July 2021.		
28. Interest Income (Non-exchange transactions)		
Receivables from non-exchange transactions	4,036,564	4,654,055
	4,036,564	4,654,055
29. Fines, penalties and forfeits		
Municipal traffic fines	10,900	10,400
	10,900	10,400
30. Government grants and subsidies		
Operating grants		
Equitable share (ES)	96,170,000	105,428,000
Financial Management Grant (FMG)	3,000,000	3,000,000
Expanded Public Works Programme (EPWP)	1,142,000	1,299,000
	100,312,000	109,727,000
Capital grants		
Municipal Infrastructure Grant (MIG)	19,946,036	22,015,520
Integrated National Electrification Programme (INEP)	1,989,698	3,006,000
Water Services Infrastructure Grant (WSIG)	2,148,238	1,851,762
	24,083,972	28,873,282
	124,396,972	138,600,282
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	28,225,972	31,172,282
Unconditional grants received	96,170,000	105,428,000
	124,396,972	138,600,282

KAI !GARIB LOCAL MUNICIPALITY

(Demarcation code: NC082)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements for the year ended 30 June 2022

Figures in Rand	2022	2021
38. Government grants and subsidies (continued)		
Reconciliation of conditional contributions		
Balance unspent at beginning of year	148,238	1,557,520
Current-year receipts	35,188,000	31,321,000
Conditions met - transferred to revenue	(23,225,972)	(31,172,762)
Returned to the National Revenue Fund (NRF)	(5,000,000)	(1,557,520)
	7,110,266	148,238
Conditions still to be met - remain liabilities (see note 20)		
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy of R 482 (2021: R 472), which is funded by the Equitable share grant.		
Expanded Public Works Programme (EPWP)		
Current-year receipts	1,142,000	1,299,000
Conditions met - transferred to revenue	(1,142,000)	(1,299,000)
	-	-
Financial Management Grant (FMG)		
Current-year receipts	3,000,000	3,000,000
Conditions met - transferred to revenue	(3,000,000)	(3,000,000)
	-	-
Library Grant (LG)		
Current-year receipts	450,000	-
	450,000	-
Conditions still to be met - remain liabilities (see note 20).		
Integrated National Electrification Programme (INEP)		
Current-year receipts	5,111,000	3,006,000
Conditions met - transferred to revenue	(1,989,698)	(3,006,000)
	3,121,302	-
Conditions still to be met - remain liabilities (see note 20).		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	-	1,557,520
Current-year receipts	23,485,000	22,016,000
Conditions met - transferred to revenue	(14,946,036)	(22,016,000)
Returned to the National Revenue Fund (NRF)	(5,000,000)	(1,557,520)
	3,538,964	-
Conditions still to be met - remain liabilities (see note 20).		

KAI !GARIB LOCAL MUNICIPALITY

(Demarcation code: NC082)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements for the year ended 30 June 2022

Figures in Rand	2022	2021
30. Government grants and subsidies (continued)		
Water Services Infrastructure Grant (WSIG)		
Balance unspent at beginning of year	148,238	-
Current-year receipts	2,000,000	2,000,000
Conditions met - transferred to revenue	(2,148,238)	(1,851,762)
	-	148,238
Conditions still to be met - remain liabilities (see note 20).		
31. Public contributions and donations		
Property, plant and equipment	983,124	54,247
	983,124	54,247
32. Bulk purchases		
Electricity	80,945,113	72,439,061
Water	6,683,076	4,342,304
	87,628,189	76,781,365
Refer to note 46 for prior period corrections made to bulk purchases.		
33. Contracted services		
Outsourced Services		
Business and advisory services	20,052,071	11,020,915
Cleaning Services	2,488,074	4,351,264
Infrastructure and planning	28,850	509,130
Legal cost	2,848,744	5,748,214
Lease rentals on operating leases	10,533	1,678,553
Maintenance of buildings and facilities	-	560,482
Maintenance of unspecified assets	-	6,028,684
Refuse Removal	5,413,490	5,142,925
Telecommunication	-	553,377
Water Tankers	16,278,048	14,672,551
Information technology services	3,982,397	-
Sewerage Services	8,370,733	-
	68,472,840	60,288,086
Refer to note 46 for prior period corrections made to contracted services.		
34. Debt Impairment		
Debt Impairment	27,883,141	47,722,971
	27,883,141	47,722,971
35. Depreciation and amortisation		
Intangible assets	34,682	49,053
Property, plant and equipment	36,095,534	35,492,644
	36,130,216	35,541,697

5.4 ASSET MANAGEMENT

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

Asset Management in Kai !Garib Local Municipality is governed by an Asset Management Policy adopted in 2010 and is reviewed annually. The latest review took place on 13 December 2022. The policy serves to ensure that Kai Garib Municipality:

- § Has consistent application of Asset Management principles
- § Implement accrual accounting
- § Complies with the MFMA and other related legislation
- § Correctly accounts for assets under the GRAP accounting framework
- § Safeguards and controls the assets of the Municipality and
- § Optimizes asset usage

The Asset Management Policy deals with the following key elements

- § Asset recognition
- § Recognition of assets initial measurement
- § Subsequent measurement of assets
- § The recognition of inventory items (non-capital items)
- § Asset types
- § Asset acquisition, asset maintenance, asset disposal, asset physical control and asset financial control

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

Acquisitions

Asset additions made during the 2021 financial year amounts to R 2 304 602.85 which has been reconciled to the general ledger as on 30 June 2021 as required by section 63 of the Municipal Finance Management Act.

Disposals

The final list of assets that need to be disposed of will be tabled to Council before June 2022 and Council will then decide whether it should be sold at an auction, sold by price written quotation or another procurement process. Kai !Garib Municipality still has assets in our possession that were written off in previous financial years that should be donated to schools and other organizations in the Kai !Garib Municipal area.

5.5 PPP

PUBLIC-PRIVATE PARTNERSHIPS

Kai Garib Municipality did not enter into any Public Private Partnerships.

COMPONENT B: OTHER FINANCIAL MATTERS

5.6 SUPPLY CHAIN MANAGEMENT

This matter was dealt with in Chapter 2 of this report

5.7 GRAP COMPLIANCE

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

The Local Municipality received six consecutive Clean Audits (based on the 2017/2018 Audit report released by the Auditor-General in November 2018) and this proves that we are moving in the right direction however more should be done to maintain this standard.

CHAPTER 6

AUDITOR GENERAL REPORTS

AG REPORT 2019/2020 AND 2020/2021

The Kai !Garib Local Municipality received a disclaimer for the 2019/2020 financial year.

Attached hereto is the 2019/2020 Auditor General's Report as received from the Auditor General.

The audit for the 2020/21 financial year did not yet commence and therefor there is not an audit report, nor an audit opinion issued yet for the 2021/21 financial year.

The 2020/21 annual financial statements were successfully compiled but only submitted on 31 March 2022 to the Auditor-General for auditing.

AUDITOR GENERAL'S REPORT 2019/2020

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

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Kail Garib Local Municipality set out on pages ... to ... , which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Disclaimer of opinion

Payables from exchange transactions

3. During 2018, I was unable to obtain sufficient appropriate audit evidence that consumer debtors with credit balances had been properly accounted for due to the status of the accounting records. I was unable to confirm the consumer debtors with credit balances by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to consumer debtors with credit balances disclosed at R10 550 002 in note 16 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. My opinion on the current year financial statements was also modified, because of the possible effect of this matter on the comparability of the consumer debtors for the current period.
4. I was unable to obtain sufficient appropriate audit evidence for unallocated deposits and receipts, capital projects retention fees, payroll creditors and trade payables as described in note 16 to the financial statements due to the poor status of the accounting records. I was unable to confirm the unallocated deposits and receipts, retention fees and payroll creditors by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the unallocated deposits and receipts, capital projects retention fees, payroll creditors and trade payables included in payables from exchange transactions stated at R562 985 690 in the financial statements.

Revenue from exchange transactions

5. During 2018 the municipality did not allocate the indigent support for all qualifying indigents, as stated in note 22 to the financial statements in accordance with GRAP 9, *Revenue from exchange transactions*. Both service charges revenue and grant expenditure transaction were

overstated by R5 542 592 in the comparative figures. Consequently, I was unable to determine whether any further adjustments were necessary to service charges stated at R93 707 584.

6. I was unable to obtain sufficient appropriate audit evidence for service charges, stated in note 22 to the financial statements, as I could not determine if the municipality recognised revenue and receivables from billing their own accounts. I could not confirm the service charges by alternative means. During 2018, the municipality recognised items that did not meet the definition of revenue in accordance with GRAP 9, *Revenue from exchange transactions*, as the municipality recognised revenue and receivables from billing of their own accounts. Both service charges revenue and receivables from exchange transaction were overstated by R4 324 876 respectively in the prior year. Consequently, I was unable to determine whether any further adjustments were necessary to service charges stated at R106 922 443 and receivables from exchange transactions at R217 067 485 in the financial statements. Additionally there was a resultant impact on vat receivable, the deficit for the period and the accumulated surplus.

Revenue from non-exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence for, revenue from public contributions and donations as described in note 27 to the financial statements due to the poor status of the accounting records. In addition, the municipality did not disclose public contributions and donations as required by GRAP 23, *Revenue from non-exchange transactions*. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from public contributions and donations stated at R12 688 053 in the financial statements.
8. I was unable to obtain sufficient appropriate audit evidence for revenue from property rates as described in note 24 to the financial statements due to the poor status of the accounting records. In addition, the municipality did not disclose revenue from property rates as required by GRAP 23, *Revenue from non-exchange transactions*. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from property rates stated at R17 560 030 in the financial statements.
9. The municipality did not recognise government grants and subsidies in accordance with GRAP 23, *Revenue from non-exchange*. Consequently, government grants and subsidies for the current year and receivables from non exchange transactions are understated by R5 000 000. Additionally, there was a resultant impact on the deficit for the period and the accumulated surplus.

Expenditure

10. In terms of GRAP1 *Presentation of financial statements* a municipality is required to disclose expenditure per nature or function. Contracted services amounting to R15 424 139 (2018:R16 801 026) included in note 30, was not appropriately presented according to its nature. In addition, repairs and maintenance amounting to R3 980 987 was incorrectly included in general expenditure under note 35. I was unable to determine the full extent of the misstatement as it was impracticable to do so.
11. I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance, billing charges, consulting and professional fees, consumables and materials and commission: sale of prepaid and electricity included in general expenditure in note 35 of the financial statements

determine whether any adjustment was necessary to property plant and equipment stated at R799 219 729 in the financial statements.

18. The municipality did not recognise additions to Infrastructure assets and community assets included in Property, Plant and Equipment in accordance with GRAP 17, *Property, plant and equipment*. Additions to property, plant and equipment of the prior year were incorrectly recognised in the current year. Consequently, property, plant and equipment's opening balance was understated and additions was overstated by R8 007 215. Additionally, there was an impact on the comparative amounts.
19. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property, plant and equipment as described in note 13 to the financial statements, the restatement could not be substantiated by supporting audit evidence and no disclosure was made for this restatement. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the property, plant and equipment corresponding figure stated at R767 153 892 in the financial statements.
20. The municipality did not disclose property, plant and equipment that is in the process of being constructed as required by GRAP 17, *Property, plant and equipment*. The cumulative expenditure recognised in the carrying value of property, plant and equipment for work in progress was not disclosed in aggregate per class of asset in note 13 to the financial statements for the current and the prior year. I was not able to determine the full extent of the non disclosure.
21. The municipality did not disclose repairs and maintenance on property, plant and equipment as required by GRAP 17, *Property, plant and equipment*. The expenditure incurred on repairs and maintenance was not separately disclosed in the notes to the financial statements. I was not able to determine the full extent of the non disclosure of repairs and maintenance on the property, plant and equipment note for the current year as it was impractical to do so.

Prior Period Errors

22. The municipality did not include the required information on prior period errors in the notes to the financial statements for the current year in accordance with GRAP 1, *Presentation of financial statements*. I was not able to determine the full extent of the understatement of prior period errors for the current and prior years as it was impractical to do so.

Other Financial Assets

23. I was unable to obtain sufficient appropriate audit evidence regarding other financial assets, as described in note 5 to the financial statements. The other financial assets disclosed in the financial statements presented for audit purposes did not agree with the other financial assets listing. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether if any further adjustments was necessary to other financial assets included in non-current assets stated as -R1 813 441 in the financial statements.

Provisions

24. The municipality did not recognise provisions as presented in note 17 to the financial statements, in accordance with GRAP19, *Provisions, contingent liabilities and contingent assets*. Provisions

landfill sites rehabilitation and finance costs were understated with R2 872 645. Accrual for employee leave pay was understated and provisions for employee leave pay overstated with R6 451 296. Long Service awards and employee related cost were understated with R829 269. I was not able to determine the full extent of the misstatements of long service awards and employee related costs as it was impractical to do so.

Unspent conditional Grants and receipts

25. The municipality did not recognise government grants and subsidies as presented in note 18 to the financial statements, in accordance with GRAP 23, *Revenue from non-exchange transactions*. Government grants and subsidies was understated and unspent conditional grant and receipts overstated with R7 641 851. I was not able to determine the full extent of the misstatements on unspent conditional grants and receipts and revenue from non-exchange transactions as it was impractical to do so.

Finance lease obligation

26. The municipality did not accurately calculate finance lease obligation as required by GRAP 13, *Leases*. The financial statements presented for audit purposes did not agree with the finance lease obligation schedule. I was unable to confirm the balance by alternative means. In addition the municipality did not adequately disclose the notes on finance lease obligation as required by GRAP 13, *Leases*. The total future minimum lease payments at the reporting date was not disclosed in the notes to the financial statements. I was not able to determine the full extent of the non-disclosure on finance leases as it was impractical to do so. Consequently, I was unable to determine whether any further adjustments to finance lease obligation stated at R2 643 456 in current liability and R9 260 210 in non-current liability in the financial statements were necessary.

Statement of changes in net assets

- 27 The municipality did not accurately disclose the net assets in the financial statements in accordance with GRAP 1: *Presentation of financial statements*. The financial statements presented for audit purposes did not agree with my calculations due to the poor status of the accounting records. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments to the balance of nett assets were necessary.

Cash flow statement

28. The municipality did not include cashflow statement in the financial statements for the current and prior year in accordance with GRAP 1, *Presentation of financial statements* and GRAP 2, *Cash flow Statement*.

Unauthorised expenditure

29. The municipality did not disclose the current year balance of unauthorised expenditure, as presented in note 44 to the financial statements, due to a lack of adequate systems in place to account for unauthorised expenditure in accordance with GRAP 1, *Presentation of financial statements*. Consequently, unauthorised expenditure is understated with R68 307 706 (2018: R76 531 631).

landfill sites rehabilitation and finance costs were understated with R2 872 645. Accrual for employee leave pay was understated and provisions for employee leave pay overstated with R6 451 296. Long Service awards and employee related cost were understated with R829 269. I was not able to determine the full extent of the misstatements of long service awards and employee related costs as it was impractical to do so.

Unspent conditional Grants and receipts

25. The municipality did not recognise government grants and subsidies as presented in note 18 to the financial statements, in accordance with GRAP 23, *Revenue from non-exchange transactions*. Government grants and subsidies was understated and unspent conditional grant and receipts overstated with R7 641 851. I was not able to determine the full extent of the misstatements on unspent conditional grants and receipts and revenue from non-exchange transactions as it was impractical to do so.

Finance lease obligation

26. The municipality did not accurately calculate finance lease obligation as required by GRAP 13, *Leases*. The financial statements presented for audit purposes did not agree with the finance lease obligation schedule. I was unable to confirm the balance by alternative means. In addition the municipality did not adequately disclose the notes on finance lease obligation as required by GRAP 13, *Leases*. The total future minimum lease payments at the reporting date was not disclosed in the notes to the financial statements. I was not able to determine the full extent of the non-disclosure on finance leases as it was impractical to do so. Consequently, I was unable to determine whether any further adjustments to finance lease obligation stated at R2 643 456 in current liability and R9 260 210 in non-current liability in the financial statements were necessary.

Statement of changes in net assets

- 27 The municipality did not accurately disclose the net assets in the financial statements in accordance with GRAP 1: *Presentation of financial statements*. The financial statements presented for audit purposes did not agree with my calculations due to the poor status of the accounting records. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments to the balance of nett assets were necessary.

Cash flow statement

28. The municipality did not include cashflow statement in the financial statements for the current and prior year in accordance with GRAP 1, *Presentation of financial statements* and GRAP 2, *Cash flow Statement*.

Unauthorised expenditure

29. The municipality did not disclose the current year balance of unauthorised expenditure, as presented in note 44 to the financial statements, due to a lack of adequate systems in place to account for unauthorised expenditure in accordance with GRAP 1, *Presentation of financial statements*. Consequently, unauthorised expenditure is understated with R68 307 706 (2018: R76 531 631).

Related parties

30. The municipality did not disclose the value of transactions on related parties as presented in note 41 to the financial statements in accordance with GRAP 20, *Related party Disclosure*. The municipality did not maintain adequate records of the related party relationships. Consequently, related parties is understated with R7 765 626.

Contingent liabilities and assets

31. The municipality did not disclose contingent liabilities and assets in the notes to the financial statements for the current and prior year in accordance with GRAP 1, *Presentation of financial statements*. As the municipality did not maintain adequate records of contingent liabilities and assets, I was not able to determine the full extent of the understatement of contingent liabilities and assets for the current year as it was impractical to do so.

Material losses

32. The municipality did not disclose material losses, as required by section 125(2)(d) of the MFMA in the notes to the financial statements for both the current and prior year.

Financial Instruments

33. The municipality did not include the required information on financial instruments in the notes to the financial statements for the current and prior year in accordance with GRAP 104, *Financial instruments*. As the municipality did not maintain adequate records of financial instruments, I was not able to determine the full extent of the understatement of financial instruments for the current and prior year as it was impractical to do so.

Commitments

34. The municipality did not include the required information on commitments in the notes to the financial statements for the current and prior year in accordance with GRAP 1, *Presentation of financial statements*. As the municipality did not maintain adequate records of commitments, I was not able to determine the full extent of the understatement of commitments for the current and prior year as it was impractical to do so.

Employee benefits

35. The municipality did not disclose the required information on employee benefits in the financial statements for the current and prior year in accordance with GRAP 25, *Employee benefits*. The municipality did not maintain adequate records of the employee benefits. During 2018 the municipality was unable to provide sufficient appropriate audit evidence to substantiate the amount. I was not able to determine the full extent of the misstatement as it was impracticable to do so.

Material uncertainty relating to going concern

36. I draw attention to the matter below. My opinion is not modified in respect of this matter.
37. The municipality's current liabilities exceeded its current assets by R333 183 520 (2018: R 260 569 795). These conditions, along with other matters as set forth in note 42,

indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Other matters

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

Unaudited disclosure notes (MFMA 125)

39. In terms of section 125(2)(e) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

40. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
41. In preparing the financial statements, the accounting officer is responsible for assessing the Kai !Garib local municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

42. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
43. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) , parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

Report on the audit of the annual performance report

44. Introduction and scope

45. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. performed procedures to identify findings but not to gather evidence to express assurance.
46. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priority	Pages in the annual performance report
Basic services and infrastructure	x – x

47. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
48. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

Basic services and infrastructure

Various indicators

49. I was unable to obtain sufficient appropriate audit evidence for the reported achievements in the annual performance report of the indicators listed below. This was due to a lack of technical indicator descriptions, proper performance management systems and processes with formal standard operating procedures that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm that the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.
50. The measures taken to improve performance against all targets in below table were not included in the annual performance report.

Indicator description	Reported achievement
The unit to provide a waste removal service in all towns	16
Limit electricity losses (accounted electricity) to 10% by 30 June 2019)	25%
50% completion of all capital projects listed in the IDP for 2018/19 before 30 June 2019	51%
The unit to respond to all requests for installation of electrical meters by 30 June 2019	100%
The unit to attend to all bursts, leaks and queries per quarter before 30 June 2019	100%
Limit water losses to 15% by 30 June 2019)	45%
The unit to respond to 100% of sewerage extraction requests	100%
The unit to rehabilitate the 1000m Voortrekker road in Kakamas before 30 June 2019	100m
The unit to rehabilitate 300m of Eleventh Avenue road in Kakamas before 30 June 2019	300m
The percentage of the municipal capital budget actually spent on capital projects by 30 June 2019	76%

Other matter

51. I draw attention to the matter below.

Achievement of planned targets

52. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 34 to 35 of this report.

Report on the audit of compliance with legislation

Introduction and scope

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

54. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements and annual reports

55. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure & disclosure items identified by the auditors in the submitted financial statements and or supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.
56. The 2017/18 annual report was not tabled in the municipal council after the end of the financial year, as required by section 127(2) of the MFMA.

Expenditure management

57. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
58. I was unable to obtain sufficient appropriate audit evidence that payments from the municipality's bank account were approved by a properly authorised official, as required by section 11(1) of the MFMA.
59. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval of funds, as required by section 65(2)(a) of the MFMA.
60. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for Disclaimer paragraph. The majority of the disclosed irregular expenditure was caused by not following proper procurement processes.
61. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R87 679 045, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments of creditors.
62. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure. The majority of the disclosed unauthorised expenditure was caused by overspending of budget.

Strategic planning and performance management

63. The SDBIP for the year under review did not include monthly revenue projections by source - the monthly operational and capital expenditure by vote, as required by section 1 of the MFMA.
64. Amendments to the IDP were made without making the proposed amendments available for public comment, as required by section 34(b) of the MSA and municipal planning and performance management reg 3(4)(b).
65. Amendments to the IDP were made without consultation with the district municipality, as required by municipal planning and performance management reg 3(6)(a).

Consequences management

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

Assets management

- 68. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
- 69. Capital assets were disposed of without the municipal council having a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(2)(a) and 14(2)(b) of the MFMA.

Revenue management

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

Procurement and Contract management

- 71. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
- 72. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).
- 73. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
- 74. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). This non-compliance was identified in the procurement processes for the refurbishment of Kakamas sewage pump station.
- 75. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

Internal control deficiencies

76. I considered internal controls relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
77. Leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management unit, resulting in the re-occurrence of the material misstatements and compliance issues.
78. The municipality did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored. Vacancies was also experienced on key positions which impacted negatively on monitoring of controls.
79. Effective financial systems of internal controls and their management had not been implemented to ensure accurate financial statements. The preparation and review of the financial statements was not adequately planned, to ensure a comprehensive review takes place.
80. The municipality did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
81. The financial statements were submitted late during the prior year which resulted in limited time for management to develop, implementation and the monitoring of the action plan. This resulted in some of the prior period findings not been addressed in full. In addition, management did not develop and monitor the implementation of action plans to address internal control deficiencies previously identified.
82. The municipality did not implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.

Auditor General

Kimberley

30 November 2019



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

AUDITOR GENERAL'S REPORT 2020/2021

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Kai !Garib Local Municipality set out on pages **XX** to **XX**, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Kai !Garib Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standard of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

Basis for qualified opinion

Receivables from exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence that receivables from exchange transactions for the current and prior year had been properly accounted for, due to the status of accounting records. The municipality did not have adequate systems of internal control for billing of customers. I could not determine the impact on the notes to the financial statements. I was unable to confirm receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to Electricity, Water, Sewerage, Refuse stated at R27 877 735(2020: R53 637 363), R69 551 285 (2020: R58 561 016), R32 730 019 (2020: R27 620 420), R32 560 358 (2020: R27 790 077), respectively in note 7 to the financial statements. Since the receivables from exchange transactions balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.
4. I was unable to obtain sufficient appropriate audit evidence that the allowance for impairment for the current and prior year had been properly accounted for, due to the status of accounting records. The municipality did not have adequate systems of internal control for billing of customers. I could not determine the impact on the notes to the financial statements. I was unable to confirm the allowance for impairment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the allowance for impairment on

Electricity, Water, Sewerage, Refuse stated at R22 127 376 (2020: R17 315 990), R68 300 916 (2020: R55 002 824), R31 992 244 (2020: R25 519 932), R32 109 464 (2020: R26 428 529), respectively in note 7 to the financial statements.

Receivables from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence that receivables from non-exchange transactions for the current and prior year had been properly accounted for, due to the status of accounting records. The municipality did not have adequate systems of internal control for billing of customers. I could not determine the impact on the notes to the financial statements. I was unable to confirm receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property rates and arrangements stated at R70 065 101 (2020: R59 637 363) and R 10 882 153 (2020: R 13 887 826) respectively in note 7 to the financial statements. Since the receivables from exchange transactions balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.
6. I was unable to obtain sufficient appropriate audit evidence that the allowance for impairment for the current and prior year had been properly accounted for, due to the status of accounting records. The municipality did not have adequate systems of internal control for billing of customers. I could not determine the impact on the notes to the financial statements. I was unable to confirm the allowance for impairment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the allowance for impairment on property rates and arrangements stated at R62 544 444 (2020: R55 759 252) and R10 746 060 respectively in note 7 to the financial statements.

Statutory receivables

7. The municipality did not recognise all amounts meeting the definition of statutory receivables in accordance with *GRAP 108, Statutory receivables*. As the municipality did not maintain adequate records of statutory receivables, I was unable to determine the full extent of the understatement of statutory receivables in the current and prior years as it was impracticable to do so.

VAT receivable

8. I was unable to obtain sufficient appropriate audit evidence for VAT receivable for the current and prior year, due to the poor status of the accounting records. I could not confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to VAT receivable stated at R27 256 796 (2020: R17 615 814) in the financial statements. Since the VAT receivable balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.

Payables from exchange transactions

9. I was unable to obtain sufficient appropriate audit evidence that trade payables included in the payables from exchange transactions for the current and prior year had been properly accounted for, due to a lack of proper record keeping and reconciliation of control accounts by the municipality. The municipality did not have adequate systems of internal control for preparing and approving of journals. I was unable to confirm the trade payables included in payables from exchange transactions by alternative means. Additionally the municipality did not recognise all items of trade payables in accordance with *GRAP 1, Presentation of financial statements*. Consequently, trade payables included in payables from exchange transactions was understated by R9 675 306. There was an impact on the deficit for the period and on the accumulated surplus in the financial statements. Consequently, I was unable to determine whether any adjustment was necessary to trade payables included in payables from exchange transactions stated at R 473 529 247(2020: R 366 127 087) in note 17 to the financial statements. Since the trade payables from payables from exchange transactions balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.
10. I was unable to obtain sufficient appropriate audit evidence that all consumer debtors with credit balances included in payables from exchange transactions for the current and prior year had been recorded, as the municipality did not have adequate billing systems and I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to consumer debtors with credit balances stated at R14 640 994 (2020: R 9 172 969) in financial statements. Since the consumer with credit balances included in payables from exchange transactions is included in the determination of net cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.
11. During 2020, the municipality did not recognise all items of payables from exchange transactions in accordance with *GRAP 1, Presentation of financial statements*. Consequently, trade payables included in payables from exchange transactions, contracted services and repairs and maintenance was understated by R8 156 637. Additionally, payments for trade payables included in payables from exchange transactions was incorrectly recognised as general expenditure and the municipality did not have adequate systems to maintain records of accounts payable. Consequently, trade payables included in payables from exchange transactions was overstated by R1 511 882, general expenditure was overstated by R507 985 and accumulated surplus was understated by R1 003 897. There was an impact on the deficit for the period and on the accumulated surplus in the financial statements.
12. During 2020, the municipality did not have adequate systems to maintain records of accounts payable for payroll creditors. This resulted in payroll creditors included in trade payables being understated by R23 576 730 and basic salaries, medical aid contributions, pension fund contributions and unemployment insurance fund contributions included in employee related costs being understated by R3 666 875; R3 964 059; R15 591 783 and R354 013 respectively. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as payroll creditors included in payables from exchange transactions. I could not confirm payroll

creditors by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade payables stated at R366 127 087 in the financial statements. Since payroll creditors included in payables from exchange transactions is included in the determination of net cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.

13. During the prior year, the municipality did not recognise all items of payables from exchange transactions in accordance with GRAP 1, Presentation of financial statements. The municipality did not have adequate systems to maintain records of accounts payable for water and water included in bulk purchases. This resulted in trade payables and water included in bulk purchases being understated with R13 227 140. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Unspent conditional grants and receipts

14. During 2020, I was unable to obtain sufficient appropriate audit evidence for journals for unspent conditional grants and receipts due to the status of the accounting records. I was unable to confirm the unspent conditional grants by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to unspent conditional grants and receipts and government grants and subsidies stated at R1 557 520. Since unspent conditional grants and receipts is included in the determination of net cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.

Government grants and subsidies

15. During 2020, I was unable to obtain sufficient appropriate audit evidence for journals for government grants and subsidies due to the status of the accounting records. I was unable to confirm the government grants and subsidies by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to government grants and subsidies stated at R110 793 477. Since government grants and subsidies is included in the determination of net cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.

Interest Income

16. I was unable to obtain sufficient appropriate audit evidence that interest income for the current and prior year had been properly accounted for, due to the status of the accounting records. I was unable to confirm the interest income by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to interest income stated at R 5 346 590. (2020: R 13 424 928) in the financial statements.

Interest - Receivables from non-exchange transactions

17. I was unable to obtain sufficient appropriate audit evidence that interest income for the current and prior year had been properly accounted for, due to the status of the accounting records. I was unable to confirm the interest income by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to interest income stated at R4 654 055 (2020: R7 309 569) in the financial statements.

Service Charges

18. I was unable to obtain sufficient appropriate audit evidence for service charges for the current and prior year due to the status of the accounting records. The municipality did not have adequate systems of internal control for the recording of all transactions and events and could not reconcile the transactions and events to the financial statements. I could not confirm service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to service charges stated at R107 689 012 (2020: 91 943 283) in note 25 to the financial statements. Since the service charges is included in the determination of net cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.

Property rates

19. I was unable to obtain sufficient appropriate audit evidence that property rates for the current and prior year had been properly accounted for, due to the status of the accounting records. I was unable to confirm the property rates by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to property rates stated at R 22 463 257 (2020: R20 605 733) in the financial statements.
20. I was unable to obtain sufficient appropriate audit evidence for the property rates valuations for the current and prior year disclosed in note 27 to the financial statements. The municipality did not have adequate internal controls to maintain the valuation roll. I was not able to determine the full extent of the understatement of property rates valuations for the current and prior years as it was impracticable to do so.

Bulk purchases

21. I was unable to obtain sufficient appropriate audit evidence that bulk purchases for the current and prior year had been properly accounted for, due to the status of the accounting records. The municipality did not have adequate systems of internal control for the preparing and approving of journals. I could not determine the impact on the notes to the financial statements. I was unable to confirm the bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to bulk purchases stated at R78 231 025 (2020: R67 754 773) in note 31 to the financial statements. Since the bulk purchases balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.

Contracted services

22. I was unable to obtain sufficient appropriate audit evidence for contracted services for the current and prior year due to the status of the accounting records. The municipality did not have adequate systems of internal control for the preparing and approving of journals. I could not determine the impact on the notes to the financial statements. I was unable to confirm contracted services by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to contracted services stated at R50 661 420 (2020: R24 939 131) in note 32 the financial statements. Since contracted services is included in the determination of net cash flows

from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.

23. The municipality did not recognise contracted services in accordance with GRAP 1, Presentation of financial statements. Consequently, contracted services was understated by R3 031 537 (2020: R4 632 888). There was an impact on the deficit for the period and on the accumulated surplus in the financial statements.

General expenses

24. I was unable to obtain sufficient appropriate audit evidence that general expenses for the current and prior year had been properly accounted for, due to the status of the accounting records. The municipality did not have adequate systems of internal control for preparing and approving of journals. I could not determine the impact to the financial statements. I was unable to confirm the general expenses by alternative means. In addition, auditor remuneration included in general expenditure was incorrectly recognized resulting in auditor remuneration included in general expenditure being understated by R3 463 251. Consequently, I was unable to determine whether any adjustment was necessary to general expenses stated at R 29 463 689 (2020: R23 983 271) in note 37 to the financial statements. Since the general expense balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from operating activities are accurate and complete.

Debt Impairment

25. The municipality did not calculate the debt impairment in accordance with the Standards of GRAP 104, Financial Instruments. The municipality applied a general rate for all the debtors in calculating the debt impairment, and did not assess the credit risk for a group or subgroup of debtors. Consequently, debt impairment and the debt impairment included in the receivables from exchange transactions is overstated by R 15 564 171. There was an impact on the deficit for the period and on the accumulated surplus in the financial statements.

Employee related cost

26. During 2020, I was unable to obtain sufficient appropriate audit evidence for employee related cost due to the status of the accounting records. The municipality did not have adequate systems of internal control for the preparing and approving of journals. I could not confirm overtime included in employee related cost by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to overtime included in employee related cost stated at R3 334 818 in the financial statements. Since the other employee related cost is included in the determination of net cash flows from operating activities reported in the cash flow statement, I was unable to determine whether cash flows from financing activities were accurate and complete.

Unauthorised expenditure

27. I was unable to obtain sufficient appropriate audit evidence to confirm unauthorised expenditure included in the notes to the financial statements for the current and prior year as the municipality did not keep proper records. I was unable to confirm unauthorised expenditure by alternative

means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R893 881 743 (2020: R 755 491 904) as disclosed in note 51 to the financial statements was necessary.

Fruitless and wasteful expenditure

28. I was unable to obtain sufficient appropriate audit evidence to confirm the fruitless and wasteful expenditure included in the financial statements for the current and prior year as the municipality did not keep proper records. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the fruitless and wasteful expenditure stated at R132 331 958 (2019: R119 544 214) in note 52 to the financial statements was necessary.

Irregular expenditure

29. I was unable to obtain sufficient appropriate audit evidence to confirm the irregular expenditure included in the note 53 to the financial statements for the current and prior year as sufficient appropriate audit evidence was not provided. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R347 547 227 (2020: R231 393 660) in note 53 to the financial statements.

30. The municipality did not disclose all the irregular expenditure in the notes to the financial statements, as required by section 125(2)(d)(i) of the MFMA. The municipality incurred expenditure in contravention of the supply chain management (SCM) requirements. Consequently irregular expenditure was understated with R22 292 076.

Segment Reporting

31. The municipality did not include the required information on segment reporting in the notes to the financial statements for the current year and prior year as required by GRAP 18, Segment Reporting. I was not able to determine the full extent of the understatement of deviations for the current and prior years as it was impracticable to do so.

Deviations

32. The municipality did not include the required information on deviations in the notes to the financial statements for the current and prior year in accordance with as required by SCM regulation 36(2). I was not able to determine the full extent of the understatement of deviations for the current and prior years as it was impracticable to do so.

Additional MFMA disclosure

33. I was unable to obtain sufficient appropriate audit evidence to confirm PAYE and UIF included in the notes to the financial statements due to the status of the accounting record. I was unable to confirm PAYE and UIF by alternative means. Consequently, I was unable to determine whether any adjustment relating to PAYE and UIF of R15 060 446 (2020: R5 319 391) as disclosed in note 54 to the financial statements was necessary.

34. I was unable to obtain sufficient appropriate audit evidence to confirm pension and medical aid deductions included in the notes to the financial statements for the current and prior year, due to the status of the accounting records. I was unable to confirm pension and medical aid deductions by alternative means. Consequently, I was unable to determine whether any adjustment relating to pension and medical aid deductions of R9 394 166 (2020: R7 145 869) as disclosed in note 54 to the financial statements was necessary.

35. I was unable to obtain sufficient appropriate audit evidence to confirm material losses included in the notes to the financial statements for the current and prior year due to the status of the accounting records. I was unable to confirm pension and medical aid deductions by alternative means. Consequently, I was unable to determine whether any adjustment relating to material losses of R 18 531 504 (2020: R 17 627 483) as disclosed in note 54 to the financial statements was necessary.

Prior period error

36. The municipality did not include the required information on prior period errors in the notes to the financial statements for the in accordance with GRAP 3, Accounting Policies, Changes in Accounting Estimates and Errors. I was not able to determine the full extent of the understatement of prior period errors for the current and prior years as it was impracticable to do so.

37. I was unable to obtain sufficient appropriate audit evidence for the previous period errors disclosed, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the previous period errors disclosed in note 47 to the financial statements.

Cash flow statement

38. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required Standards of GRAP 2, Cash flow statements for the current and prior year. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities for the current and prior years as it was impracticable to do so.

Related parties

39. The municipality did not disclose all the transactions with key management personnel in accordance with GRAP 20, Related-party disclosures. Land sold below market related rates between the municipality and key management personnel was not disclosed.

Context for the opinion

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

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

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

Material uncertainty relating to going concern/ financial sustainability

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

44. I draw attention to note 50 to the financial statements, which indicates that the municipality's liabilities exceeded its total asset by R350 506 825 at year end. As stated in note 50, these events or conditions, along with other matters as set forth in note 50, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matter

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

Unaudited disclosure notes (MFMA125)

46. In terms of section 125(2)(e) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

47. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa (Act No. 4 of 2020) (DORA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Report on the audit of the annual performance report

51. I was unable to audit the usefulness and reliability of the reported performance information because the annual performance report was presented without the approved service delivery budget implementation plan for the year under review, as required by section 25 of the Municipal Systems Act 32 of 2000 (MSA) and section 1, 21 and 53 of the MFMA. I was unable to audit the reported performance information by alternative means.

Other matter

52. I draw attention to the matter below.

Achievement of planned targets

53. Refer to the annual performance report on pages XX to XX for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph XX to XX of this report.

Report on the audit of compliance with legislation

Introduction and scope

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

Annual financial statements, performance reports and annual reports

56. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
57. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.
58. The annual financial statements were not submitted to the Auditor-General within two months after the end of the financial year and council did not investigate the reasons for the failure to submit annual financial statements, as required by section 133(1)(c) of the MFMA.

Strategic planning

59. The SDBIP for the year under review was not approved by the mayor as required by section 53(1)(c)(ii) of the MFMA.
60. A mid-year performance assessment was not performed, as required by section 72(1)(a)(ii) of the MFMA.

Asset management

61. All investments were not made in accordance with the requirements of the investment policy as the percentage of cumulative investments held by the municipality in one institution exceeded the 40% threshold, as required by municipal investment regulation 3(3).
62. Funds were invested in StanLib which is not registered in terms of the bank act and in contravention of municipal investment regulation 6.
63. All investments were not made in the name of the municipality, as required by municipal investment regulation 12(2).
64. I was unable to determine whether capital assets sold were needed to provide the minimum level of basic municipal service, as required by section 14(1) of the MFMA.
65. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(2)(a) and 14(2)(b) of the MFMA.

Revenue management

66. An adequate management, accounting and information system which accounts for revenue, debtors and receipt of revenue was not in place, as required by section 64(2)(e) of the MFMA.

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

Expenditure management

68. Payments/ Withdrawals were made from the municipality's bank accounts without the approval of a properly authorised official, as required by section 11(1) of the MFMA.
69. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval of funds, as required by section 65(2)(a) of the MFMA.
70. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and that accounted for payments made as required by section 65(2)(b) of the MFMA.
71. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.
72. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph.
73. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by expenditure on projects not budgeted for and overspending on votes.

Procurement and contract management

74. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as management did not submit information requested for 3 contracts and 2 quotations. Similar limitation was also reported in the prior year.
75. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R200 000 were procured using price quotations as required by SCM Regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
76. Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and met the listing requirements as prescribed by the SCM policy, in contravention of SCM Regulations 16(b) and 17(1)(b). Similar non-compliance was also reported in the prior year.

77. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.
78. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
79. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Similar non-compliance was also reported in the prior year.
80. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding as required by SCM regulations 21(b) and 28(1)(a)(i) and Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for the kakamas: refurbishment of sewerage pump stations and Kelmos: refurbishment of sewerage pump stations.
81. Sufficient appropriate audit evidence could not be obtained that the accounting officer ratified the decision of bid adjudication committee of awarding contracts to bidders other than those recommended by the bid evaluation committee as required by SCM Regulation 29(5)(b). This non-compliance was identified in the procurement processes for the kakamas: refurbishment of sewerage pump stations and Kelmos: refurbishment of sewerage pump stations.
82. Sufficient appropriate audit evidence could not be obtained that councillors of the municipality did not participate in committees evaluating or approving tenders/ quotations or did not attend meetings of committees evaluating or approving tenders/ quotations, in contravention of section 117 of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the kakamas: refurbishment of sewerage pump stations and Kelmos: refurbishment of sewerage pump stations.
83. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
84. Sufficient appropriate audit evidence could not be obtained that contract were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM Regulation 43. Similar non-compliance was also reported in the prior year.
85. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the kakamas: refurbishment of sewerage pump stations and Kelmos: refurbishment of sewerage pump stations.
86. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process as required by

section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11. This non-compliance was identified in the procurement processes for the kakamas: refurbishment of sewerage pump stations and Kelmos: refurbishment of sewerage pump stations.

87. Some of the construction contracts were awarded to contractors that were not registered with the CIDB and did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A). This non-compliance was identified in the procurement processes for the Kelmos: refurbishment of sewerage pump stations.
88. Invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
89. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar limitation was also reported in the prior year. This limitation was identified in the procurement processes for the kakamas: refurbishment of sewerage pump stations, Kelmos: refurbishment of sewerage pump stations, Currieskamp: Ext/Upgrading of Raw Water Supply and Lutzburg Access road.
90. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year. This limitation was identified in the procurement processes for the kakamas: refurbishment of sewerage pump stations, Kelmos: refurbishment of sewerage pump stations, Currieskamp: Ext/Upgrading of Raw Water Supply and Lutzburg Access road.
91. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year. This limitation was identified in the procurement processes for the kakamas: refurbishment of sewerage pump stations, Kelmos: refurbishment of sewerage pump stations, Currieskamp: Ext/Upgrading of Raw Water Supply and Lutzburg Access road.

Consequence management

92. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(b) of the MFMA/ municipal budget and reporting regulations 75(1).

Utilisation of conditional grants

93. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 4 of 2020).

94. Performance in respect of programmes funded by the Water Services Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 4 of 2020).
95. The Local government financial management grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Division of Revenue Act (Act 4 of 2020).
96. Performance in respect of programmes funded by the Local government financial management grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 4 of 2020).
97. Performance in respect of programmes funded by the Integrated National Electrification Programme Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 4 of 2020).

Other information

98. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report presented in the annual performance report that have been specifically reported in this auditor's report.
99. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
100. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
101. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

102. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the findings on compliance with legislation included in this report.
103. The municipality developed an action plan, but it was not adequately implemented resulting in the re-occurrence of most of the issues.

104. Leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management unit, resulting in the re-occurrence of the material misstatements and compliance issues.
105. Effective financial systems of internal controls and their management had not been implemented to ensure accurate financial statements. The preparation and review of the financial statements was not adequately planned, to ensure a comprehensive review takes place.
106. The municipality did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
107. The municipality did not implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.
108. The leadership's lack of accountability for sound financial management had a negative impact on the municipality's financial sustainability, management of assets, overspending of the budget and irregular expenditure not being prevented.
109. Management did not ensure that internal control processes were adequately designed and implemented to ensure cost-effective procurement in certain instances and prevent non-compliance with SCM requirements. Management relied on internal control processes to ensure compliance with procurement requirements, but it is evident from the amount of irregular expenditure that these internal control processes were ineffective and subject to abuse and no actions were taken against staff in this regard.
110. Consequence management was not effective as the council did not investigate all instances of unauthorised, irregular and fruitless and wasteful expenditure to determine whether any person was liable for the expenditure.

Material irregularities

111. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

112. The material irregularity identified is as follows:

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

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

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

115. The accounting officer was notified of the material irregularity on 11 June 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer could not provide sufficient and appropriate supporting evidence for the action taken or planned action to be taken in response to being notified of the material irregularity.

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

- The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses;
- Based on the reasons and circumstance, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:
 - a) Complete asset register of all of the municipality's infrastructure assets, including work-in-progress, as well as information for assets that have been fully depreciated but still in use;
 - b) Billing information and reconciliations to support revenue from service charges;
 - c) Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received, including payments made from conditional grant funding.

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

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

118. I am in the process of evaluating whether the accounting officer has implemented the recommendations

Other reports

119. In addition to the Investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
120. The Public protector investigated allegations of improper conduct and maladministration relating to the appointment of the previous municipal manager by the municipality in 2018. The investigation concluded on 4 December 2020. It resulted in an instruction for further investigations against councillors as well as disciplinary steps to be taken against officials. These proceedings were in progress at the date of this auditor's report.
121. Investigations are being conducted by the South African Police Services relating to theft, corruption, fraud and money laundering charges. The investigation was still ongoing at the reporting date.

Auditor General

Kimberley

24 October 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

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

Signed (Chief Financial officer).....

Dated

APPENDICES

DRAFT

Appendix A- COMMITTEE ALLOCATION

EXECUTIVE COMMITTEE

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

SOCIO-ECONOMIC COMMITTEE

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

INSTITUTIONAL DEVELOPMENT COMMITTEE

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

INFRASTRUCTURE DEVELOPMENT COMMITTEE

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

MPAC

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

DISCIPLINARY COMMITTEE

- ❖ Cllr. E. Vas (ANC) - Chairperson
- ❖ Cllr. R.Saal (ANC)
- ❖ Cllr. T. Renier (HFTF)

Appendix B- COMMITTEES, COMMITTEE PURPOSES & ADMINISTRATION CALENDAR

Committees (other than Mayoral / Executive Committee) and Purposes of Committees

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

Appendix D- MUNICIPAL FUNCTIONS

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

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