



# Fezile Dabi

District Municipality

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**Hand Over Report for the Newly Elected Council of Fezile Dabi District  
Municipality**

## **Purpose of this Handover Report**

The aim of this hand-over report is to provide the new Council important orientation information regarding the municipality, the state of its finances, service delivery and capital programmes, as well as key issues that need to be addressed.

## **Official Sign-Off:**

It is hereby certified that this Handover Report:

Compiled in line with the guidelines stipulated in Circular 108 of Municipal Finance Management Act, 56 of 2003 and takes into account all the relevant policies, legislation and other mandates for which the Fezile Dabi District Municipality is responsible.

[Surname & Initials]: \_\_\_\_\_ Signature: \_\_\_\_\_

**Municipal Manager**

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## ***Section 1: Executive Summary***

The current system of local government in South Africa was created following the adoption of the Constitution, Act 108 of 1996. Post adoption of the Constitution, a comprehensive policy was developed to give effect to the new constitutional vision of local government, which led to the adoption of the White Paper on Local Government by Cabinet in March 1998. The White Paper spelt out a framework and programme which was aimed at radical transformation of the then called local authorities into a new system of local government system. In the main, the transformation of local government was directed at removing the racial basis of government and making it a vehicle for the integration of society and the redistribution of municipal services across communities.

One of the significant features of the Constitution in this regard was to create local government as a recognisable sphere of government, thereby firmly establishing local government's autonomy. As a result, municipalities now have the right to govern, on their own initiative, the local government affairs of their communities. This means that while national and provincial governments may supervise the functioning of local government, this must be done without encroaching on their institutional integrity.

The Constitution thus introduced three categories of local government as follows:

- Category A municipalities – These are what is commonly known as Metropolitan Municipalities
- Category B Municipalities – These are what is commonly known as Local Municipalities
- Category C Municipalities – These are what is commonly known as District Municipalities

Category B and Category C municipalities forms a two-tier local government where a Category C municipality (District Municipality) shares jurisdiction with a number of Category B municipalities (Local Municipalities). A Category A Municipality (i.e Metropolitan Municipality) has exclusive municipal executive and legislative authority in its area. There are 278 municipalities in South Africa, comprising 8 metropolitan, 44 district and 226 local municipalities.

In order to fulfil its developmental duties, the Constitution requires that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, to promote the social and economic development of the community; and participate in national and provincial development programmes.

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Section 156 of the Constitution assign executive authority municipalities to administer Local Government Matters listed in Part B of Schedule 4 and Part B of Schedule 5 and any other matter assigned to it by national or provincial legislation.

Powers and functions assigned to local government are unique and appropriate to the lower sphere of government. Similar to the position on national and provincial spheres, local government powers and functions are constitutionally entrenched and protected and cannot be unilaterally taken away by another sphere of government. Albeit constitutionally protected, the powers and functions of municipalities are not absolute and are subject to both constitutional and national legislative requirements.

Chapter 3 of Systems Act states that a municipality has all the functions and powers assigned to it in terms of the Constitution, and must exercise them subject to Chapter 5 of the Municipal Structures Act, 117 of 1998 (Structures Act). Furthermore, a municipality is empowered by legislation to do anything reasonably necessary for, or incidental to, the effective performance of its functions and the exercise of its powers.

## **Section 2: Overview of the Demographic and Socio-Economic Characteristics of the Municipality**

### **2.1 Background**

Fezile Dabi District Municipality, formerly known as the Northern Free State District Municipality was established on the 6<sup>th</sup> December 2001 as a result of Section 21 of the Local Government Demarcation Act 1998 whereby all areas of the former Local Government bodies were re-demarcated and new municipalities were established. The name was officially changed to Fezile Dabi District Municipality on the 3<sup>rd</sup> May 2005.

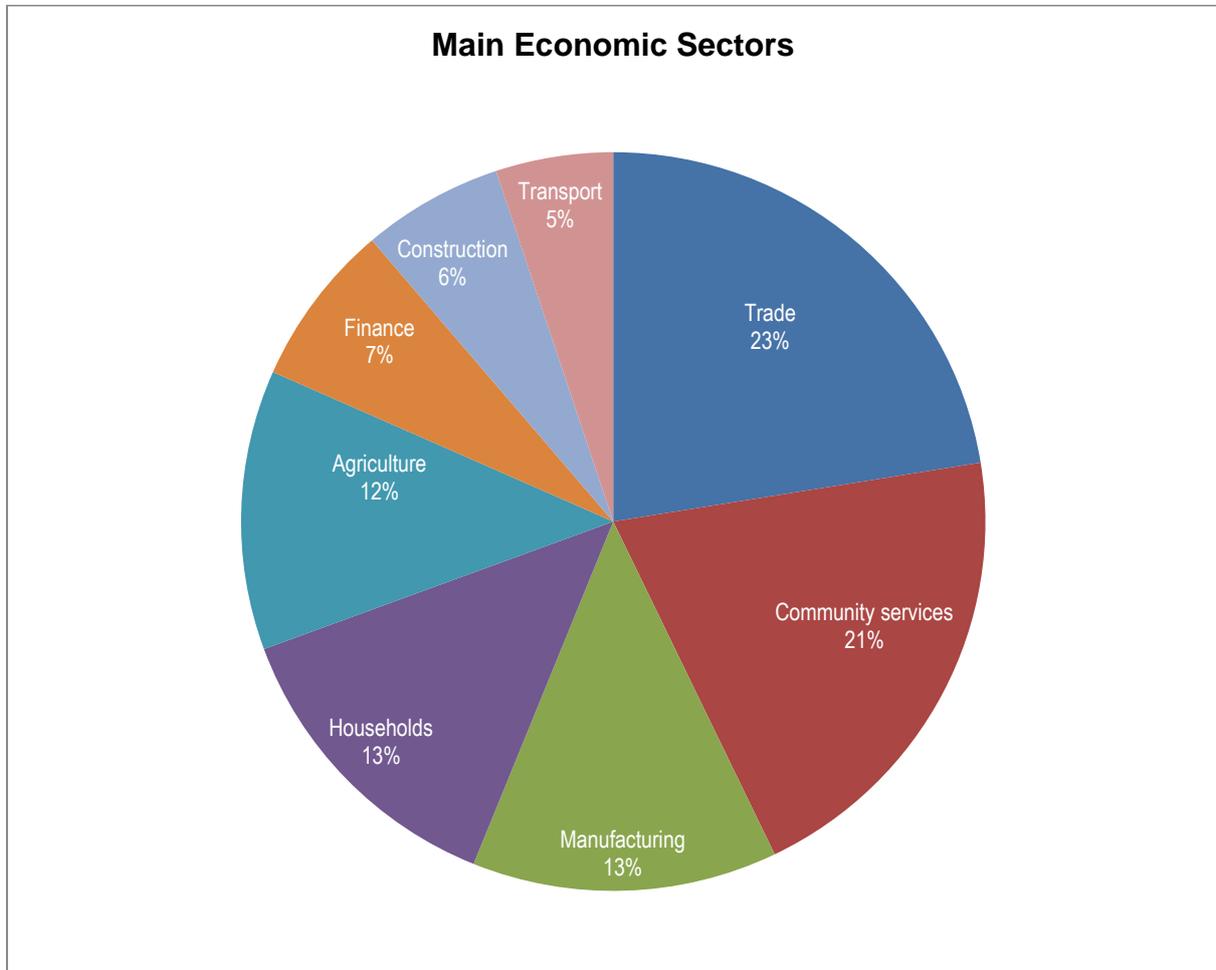
The District is one of five District Municipalities in the Free State Province and comprises of Moqhaka, Ngwathe, Metsimaholo and Mafube Local Municipalities.

Fezile Dabi has a total area of 21 301 km<sup>2</sup> and an estimated population of 494 777 people. Its biggest town, Sasolburg, is the chemical hub of South Africa as it is dominated by the petro-chemical industry. Fezile Dabi is also a strategic agricultural region which produces a considerable percentage of South Africa's grain crop, including maize, wheat and sunflowers. The frost-free climate of the region not only makes it ideal for cultivation but also supports a rich biodiversity. The District also serves as an important tourist destination as it is host to South Africa's 7<sup>th</sup> world heritage site, the Vredefort Dome, which is the world's largest and oldest meteorite crater. The area is also home to numerous nature reserves as well as the Vaal Dam which is the main source of water to South Africa's industrial heartland.

### **2.2 Main Economic sectors**

The economic sectors as outline below outline the main economic areas in which the population of the district is employed. As depicted on the chart below, the main economic sector in the district is Trade at which makes up 23% of the economic sector in the district, followed by Community Services at 21% and the smallest sector is Transport at 5% industry.

The main economic sectors which are mainly the drivers of the economy in the district are as follows:



**Table 2: Population and socio-economic fact sheet**

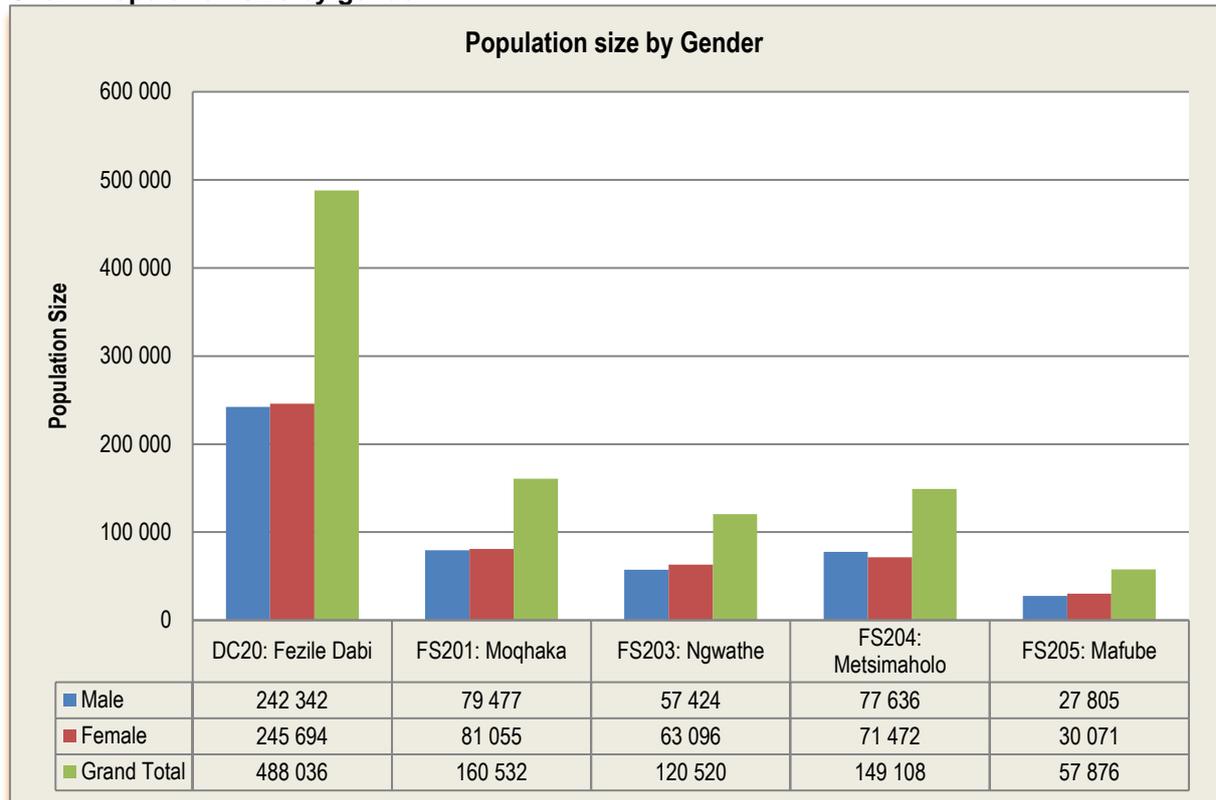
Details	2016 Community Survey	2011 Census	% Change
<b>Population</b>	494 777	488 036	1%
<b>Age Structure</b>			
Population under 15	25.50%	28.10%	-9%
Population 15 to 64	67.50%	65.80%	3%
Population over 65	7.00%	6.10%	15%
<b>Dependency Ratio</b>			
Per 100 (15-64)	48.1	51.9	-7%
<b>Sex Ratio</b>			
Males per 100 females	98.9	98.6	0%
<b>Population Growth</b>			
Per annum	0.31%	n/a	
<b>Education (aged 20 +)</b>			
No schooling	6.70%	7.30%	-8%
Matric	31.40%	27.50%	14%
Higher education	7.80%	9.00%	-13%
<b>Household Dynamics</b>			
Households	172 370	144 980	19%
Average household size	2.9	3.2	-9%
Female headed households	39.50%	38.60%	2%
Formal dwellings	85.60%	83.30%	3%
Housing owned	71.30%	60.40%	18%
<b>Household Services</b>			
Flush toilet connected to sewerage	80.90%	78.20%	3%
Weekly refuse removal	82.60%	81.70%	1%
Piped water inside dwelling	48.30%	56.70%	-15%
Electricity for lighting	92.30%	89.80%	3%

**Source:** Census 2016 Municipal Fact Sheet, published by Statistics South Africa.

### 2.3 Population Distribution

The population of Fezile Dabi District Municipality is distributed as outlined below on the chart, taking into account population statistics of the four local municipalities within the district.

**Chart: Population size by gender**

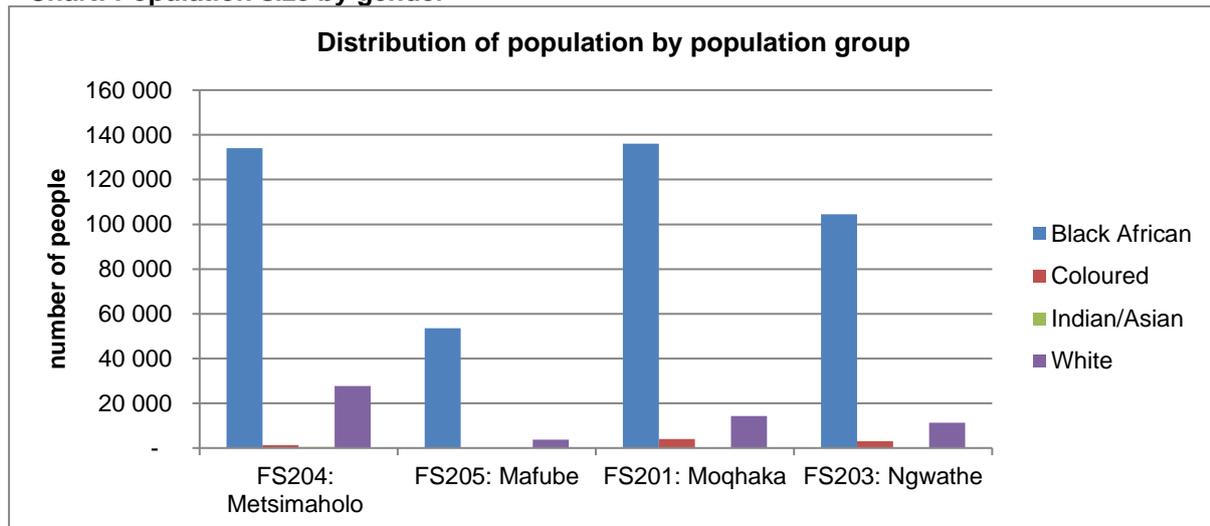


Source: Statssa, Census 2016

## 2.4 Racial make-up of population

The chart below presents the population group of Fezile Dabi District Municipality by population group segmented according to the four local municipalities in the district.

**Chart: Population size by gender**



Source: Statssa, Census 2016

### Challenges:

The biggest socio-economic challenges that the municipality is faced with is the high rate of your unemployment, currently estimated at 44.4%.

### Key Interventions:

Develop local economic development strategies that will enable job creation and stimulation of entrepreneurship and further development of local SMMEs.

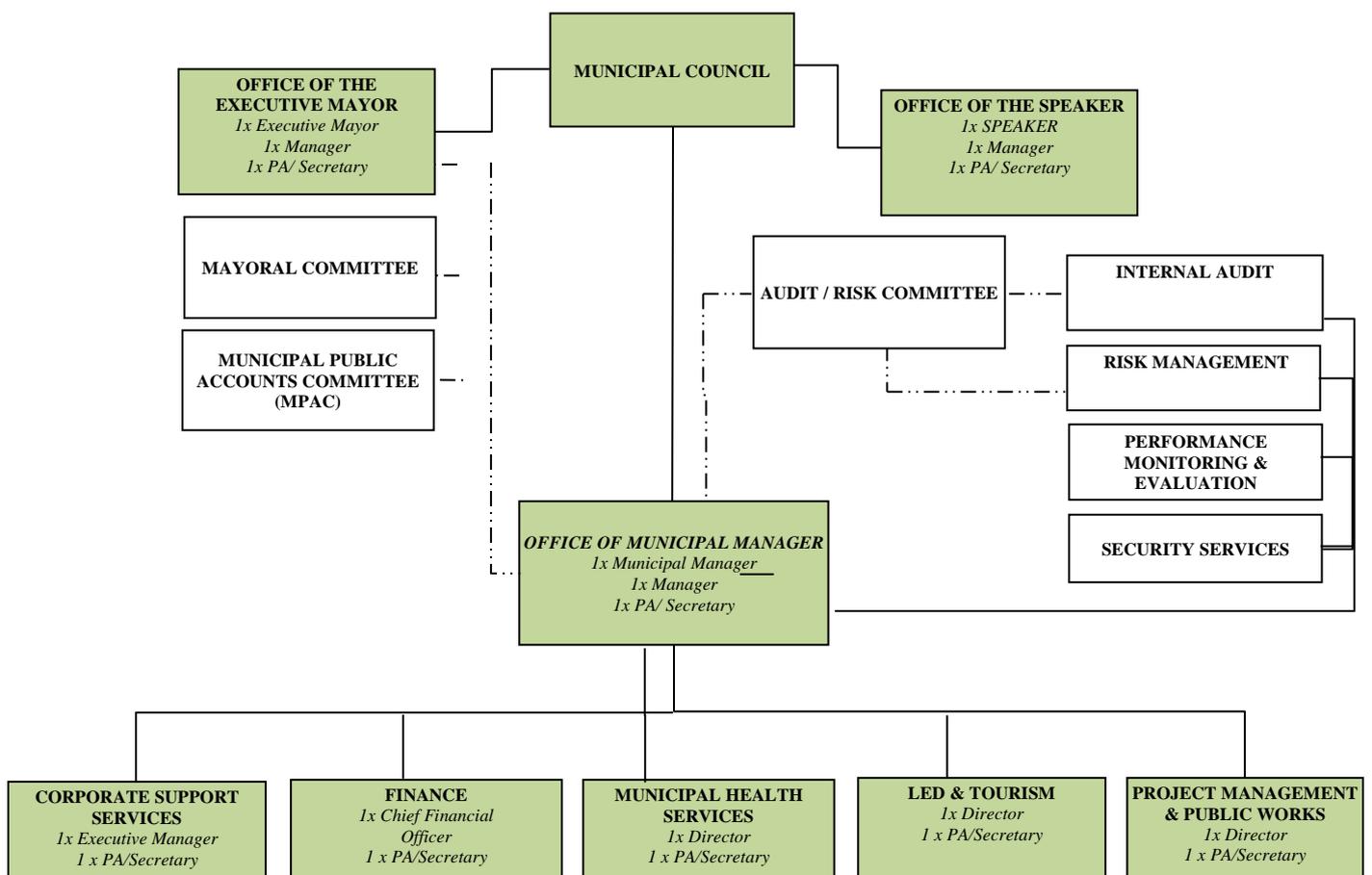
## Section 3: Overview of the Organisational Structure of the Municipality

### 3.1 Background

Fezile Dabi District Municipality has both political as well as administrative structures. The political structure consists of the Municipal Council, the Executive Mayor, the Speaker and the Mayoral Committee. On the other hand, the administrative structure consists of the Municipal Manager who is the Accounting Officer, Senior Managers, Line-Managers and the rest of the administrative staff.

The current high-level organisational structure of the municipality is displayed on the chart.

### 3.2 Macro-Organisational Structure



### 3.3 Composition of the Administrative Structure of the Municipality

The administrative structure of the municipality is headed by the Municipal Manager, who is also the Accounting Officer for the entire administration. As the Accounting Officer, the Municipal Manager provides guidance on compliance with legislation to political structures; political office bearers, and officials of the municipality.

In execution of her duties, the Municipal Manager was assisted by her senior managers, who serve as departmental heads and all together, constitutes the senior management team of the municipality.

The senior management team of Fezile Dabi District Municipality consists of the following individuals:

Designation	Initials and Surname	Contact Details	
		Office Telephone Number	E-mail address
Municipal Manager	Ms L Molibeli	016-970 8607	<a href="mailto:lindim@feziledabi.gov.za">lindim@feziledabi.gov.za</a>
Chief Financial Officer	Ms M Mdaka	016-970 8626	<a href="mailto:nozukom@feziledabi.gov.za">nozukom@feziledabi.gov.za</a>
Director: Corporate Support Services	Dr. S Motingoe	016-970 8635	<a href="mailto:solomonm@feziledabi.gov.za">solomonm@feziledabi.gov.za</a>
Director: Environmental Health and Emergency Services	Mrs NT Baleni	016-970 8874	<a href="mailto:nonhlahla@feziledabi.gov.za">nonhlahla@feziledabi.gov.za</a>
Director: Local Economic Development & Tourism	Mr M.J Taetsane	016-970 8845	<a href="mailto:matsepelat@feziledabi.gov.za">matsepelat@feziledabi.gov.za</a>
Director: Project Management and Public Works	Mrs NT Baleni Acting	016-970 8874	<a href="mailto:nonhlahla@feziledabi.gov.za">nonhlahla@feziledabi.gov.za</a>

#### Challenges:

The current organisational structure of the municipality makes provision for the position of the Municipal Manager and 5 Senior Managers. Except for the position of the Director Project Management and Public Works, all other section 56 /57 positions are filled.

The position of the Director Project Management and Public Works became vacant since December 2012 and was not yet filled as at the end of this reporting period. Director Environmental Health and

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Emergency Services, Me. N Baleni was responsible for overseeing activities of the department since the position became vacant.

**Key Interventions:**

In line with Local Government: Regulations of Appointment and Conditions of Employment of Senior Managers, 2014, the organisational structure of the municipality will be reviewed within 12 months after the commencement of the term of the incoming council. This review will provide the basis for continuation with the current organisational structure in its form or revision in order to meet the current and future changes that the municipality must address. All vacant positions will only be filled only after the staff establishment report in line with regulation 4(6) of Regulations of Appointment and Conditions of Employment of Senior Managers, 2014 has been approved by the Council.

## **Section 4: Overview of Key Municipal Policies**

### **4.1 Human Resource Policies**

The table below provides an overview of human resources policies that the municipality has in place and whether these policies have been reviewed and adopted by council for implementation. Full text of these policies is obtainable from the **Director: Corporate Services, Dr. Solly Motingoe**.

<b>Name of Policy</b>	<b>Adopted By Council</b>	<b>Date of last review / adoption by Council</b>
Affirmative action	Yes	30/05/2013
Attraction and Retention (Staff retention & exit Policy)	Yes	30/05/2013
Code of Conduct for employees	Yes	14/12/2020
Delegations, Authorization & Responsibility (Corporate governance policy)	Yes	30/05/2013
Disciplinary Code and Procedures	Yes	30/05/2013
Employee Assistance/Wellness	Yes	14/12/2020
Dress Code policy	Yes	14/12/2020
Employment Equity	Yes	30/05/2013
Exit management (Staff retention & Exit Policy)	Yes	30/05/2013
Grievance Procedures	Yes	30/05/2013
HIV/Aids	Yes	30/05/2013
Human Resource and Development (Career succession planning policy)	Yes	30/05/2013
Leave	Yes	30/05/2013
Occupational Health and Safety	Yes	30/05/2013
Official Housing (Home-owners allowance policy)	Yes	30/05/2013
Official Journeys (Travel & subsistence expenditure)	Yes	30/05/2013
Official transport to attend Funerals (Bereavement Policy)	Yes	30/05/2013
Official Working Hours and Overtime	No	N/A
Organisational Rights	No	N/A
Performance Management and Development	Yes	30/05/2015
Recruitment, Selection and Appointments	Yes	14/12/2020
Resettlement	Yes	30/05/2013

Name of Policy	Adopted By Council	Date of last review / adoption by Council
Sexual Harassment	Yes	30/05/2013
Skills Development	Yes	30/05/2013
Smoking	Yes	30/05/2013
Work Organisation (Corporate governance Policy)	Yes	30/05/2013
Bursary Policy	Yes	30/05/2013
Use of Municipal Assets	Yes	30/05/2013
Smoking control Policy	Yes	29/05/2014
Records management	Yes	14/12/2020
Acting Capacity policy	Yes	29/05/2014
Employee Wellness policy	Yes	29/05/2014
Bursary Policy	Yes	29/05/2014
Parking Policy	Yes	29/05/2014
Recruitment Policy	Yes	29/05/2014
Overtime Policy	Yes	29/05/2014
Smoking Control Policy	Yes	27/03/2015
Substance Abuse Policy	Yes	27/03/2015
Leave Policy	Yes	28/05/2015
Bereavement Policy	Yes	28/05/2015
Legal Services Policy	Yes	30/10/2015
Use of Internal & External Facilities	Yes	30/10/2015
Parking Policy	Yes	30/10/2015
Leave Policy	Yes	26/02/2021
Employee Assistance Policy	Yes	30/06/2016

#### 4.2 Information Communication Technology (ICT) Policies

The table below provides an overview of ICT policies of the municipality and whether these policies have been reviewed and adopted by council for implementation. Full text of these policies is obtainable from **the Chief Financial Officer, Me. Nozuko Mdaka**.

Name of Policy	Adopted By Council	Date of last review / adoption by Council
IT Security Policy	Yes	27/01/2016
Backup Policy	Yes	27/01/2016
Firewall Policy	Yes	27/01/2016
Change Management Policy	Yes	27/01/2016
IT Governance Framework	Yes	27/01/2016
Patch Management Procedure	Yes	27/01/2016
User Management Procedure	Yes	27/01/2016

#### 4.3 Budget Related Policies

The table below provides an overview of budget related policies of the municipality and whether these policies have been reviewed and adopted by council for implementation. Full text of these policies is obtainable from the **Chief Financial Officer, Me. Nozuko Mdaka**.

Name of Policy	Adopted By Council	Date of last review / adoption by Council
Asset Management Policy	Yes	28/05/2021
Banking & Investment Policy	Yes	28/05/2021
Funding Reserves Policy	Yes	28/05/2021
Budget Virement Policy	Yes	28/05/2021
Budget & Reporting Policy	Yes	28/05/2021
Supply Management Policy	Yes	28/05/2021

#### 4.4 By-Laws

##### Municipal Health Services By-Laws

Fezile Dabi District Municipality Municipal has Health Services by-laws that were promulgated on 27 March 2009 but are already due for review. The review process could not be undertaken due to COVID-19 restrictions which limited the municipality from conducting public participation meetings. South African Local Government Association (SALGA) is currently in a process of developing uniform by-laws for the whole of Local Government, and for this reason we have decided to allow for SALGA process

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to be finalised so as to ensure that when our own by-laws are reviewed, they are aligned and to those developed by SALGA to ensure uniformity and consistency.

### **Air Quality By-Laws**

Draft By-laws is available. The municipality is must still undertake public participation process in relation to these by-laws, after which they will then be tabled to council and submitted for promulgation after council approval.

### **Fire By-Laws**

Fezile Dabi District Municipality Fire By-laws were promulgated on the 03 July 2015 and since then being implemented and rolled out in all four local municipalities within the district area of jurisdiction.

### **Challenges:**

Review of Municipal Health Services By-Laws is currently dependent on SALGA completing the related standard by-laws, which is a process that is completely outside the control of the municipality.

### **Key Interventions:**

Once SALGA has finalised the standard by-laws, we will then tailor SALGA by-laws to our situation and submit for council adoption after proper public consultation. Allowing SALGA process to unfold will allows us to work towards standardisation with the rest of the country and the province.

## **Section 5: Overview of the Municipality's Turnaround Strategy (MTAS)**

### **5.1 Background**

On 02 December 2009, the National Government Cabinet approved a comprehensive Local Government Turnaround Strategy (LGTAS).

The Strategy is underpinned by the fact that a “*one size fits all*” approach to municipalities is not useful or acceptable. This was in recognition that each municipality faces different social and economic conditions and has different performance levels and support needs. Thus a more segmented and differentiated approach was required to address the various challenges of municipalities. The LGTAS gave effect to the Municipal Turn-Around Strategies (MTAS).

The twin over-arching aim of the Turnaround Strategy is to:

**Restore the confidence** of the majority of people in our municipalities, as the primary delivery machine of the developmental state at a local level.

**Re-build and improve the basic requirements** for a functional, responsive, accountable, effective, and efficient developmental local government.

The five strategic objectives of the LGTAS are:

- (i) To ensure that municipalities meet basic needs of communities;
- (ii) To build clean, responsive and accountable local government;
- (iii) To improve functionality, performance and professionalism in municipalities;
- (iv) To improve national and provincial policy, support and oversight to local government; and
- (v) To strengthen partnerships between local government, communities and civil society.

The key interventions under these five strategic objectives focus on ensuring that:

- a) National Government (including state enterprises) organizes itself better in relation to Local Government;
- b) Provinces improve their support and oversight responsibilities over Local Government;
- c) Municipalities reflect on their own performance and identify their own tailor-made turnaround strategies;
- d) All three spheres of government improve Inter-Governmental Relations (IGR) in practice;

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- e) Political parties promote and enhance the institutional integrity of municipalities; and
  - f) A social compact on Local Government is put in place where all citizens, including public officials at all levels, those in the private sector, trade unions, professional bodies and traditional leaders are guided in their actions and involvement by a common set of governance values.

Some of the immediate implementation priorities of the LGTAS (*pre-2011 LG Elections* are to:

- a) Address the immediate financial and administrative problems in municipalities;
- b) Promulgate regulations to stem indiscriminate hiring and firing in municipalities;
- c) Tighten and implement a transparent municipal supply chain management system;
- d) Ensure that the programmes of national and provincial government and SOEs are reflected in municipal Integrated Development Plans (IDPs); and
- e) Overcome “one size fits all” approach by differentiating responsibilities and simplifying IDPs.

Some of the main post 2011 priorities of the LGTAS include the following. These are part of Vision 2014:

- a) Infrastructure backlogs should be reduced significantly;
- b) All citizens must have access to affordable universal basic services;
- c) Formalization of all informal settlements;
- d) Clean cities, through the management of waste in such a way that it creates employment and wealth; and
- e) A single election for national, provincial and local government (key benefits include: single manifesto, one financial year, single public service, common 5 year medium term planning, aligned human resource and budgeting frameworks).

The LGTAS is driven through a National Coordinating Unit in the Department of Cooperative Governance and Traditional Affairs (COGTA) that serve as a “*Nerve Centre*” for implementation.

However, each province is responsible for the roll-out programme in the context of the different provincial needs and capacities. This includes guidance on how municipalities will be supported to prepare and implement their own tailor-made turnaround strategies that must be incorporated into their IDPs. The implementation of the LGTAS presents the entire country and all communities with an opportunity to work together with their municipalities in improving and accelerating service delivery.

### **Challenges:**

With the foregoing background, the implementation of LGTAS at the municipality was seen as an opportunity to reinforce best practices in whilst at the same time ensuring that the root causes of problems impacting on the performance of the municipality are confronted effectively.

**To this effect, the municipality held a Strategic Planning Session in January 2018. The main objective of the strategic planning session was to address the following key issues:**

- a) Review performance of each Department and political offices for the period 1 July to 31 December 2019 in order to finalise the mid-term report in terms of section 72 of the MFMA no. 56 of 2003, and**
- b) Align the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Mid-term performance report.**

The two strategic issues were formulated and necessitated by the findings of the Auditor General on pre-determined objectives for the 2017/18 financial year, where it was found that majority of the municipality's Key Performance Indicators (KPIs) and targets were not aligned with the IDP strategic objectives.

In relation to the 2018/19 financial year audit, the findings on pre-determined objectives were reduced to one. The Auditor-General as such did not query the municipality *KPIs for not meeting the "SMART" principles in line with the Framework For Managing Programme Performance Information, the auditor general was happy with the fact that municipality has in place clear system descriptions for each KPIs and standing operating procedures including the reviewed PMS policy framework.*

### **Key Interventions:**

Subsequently, the municipality in line with objective and the resolutions of the strategic plan held in 2018, a decision was taken to appoint the external service provider to assist the municipality in addressing the said audit findings on predetermined objectives and other related matters impacting the municipality's Performance Management System and institutional performance.

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In line with the intervention mechanism as outlined above the Auditor-General's audit of the 2019/20 financial year on pre-determined objectives improved significantly and the outcomes are outlined as follows:

- **All prior year audit findings on pre-determined objectives were 100% resolved;**
- **Improved on audit outcomes on pre-determined objectives;**
- **Improved performance of the key functional areas such as Performance Monitoring and Evaluation; and**
- **Improved audit outcomes on information management systems**

Although much has been achieved as outlined above in the whole process of turnaround of the municipality, a lot still needs to be done in order to maintain and further improve it on the successes already achieved and also to continue to align the municipality's strategic intent with that of the national and provincial governments.

In order to achieve the above, the following interventions are required and already planned for implementation in the near future:

- In line with the guidelines of MFMA Circular 80, we intend to fully automate the Supply Chain Management System and Performance Management System of the municipality with an objective to improve reporting, accountability and record keeping which align well with the primary objective of achieving clean audit during the current term of office.

## **Section 6: Overview of the municipality's financial health**

### **6.1 Background**

The financial management responsibilities of the municipalities are carried out through the Finance Department, which is established as Budget & Treasury office in terms of section 80 of MFMA.

The scope of financial management activities of the municipality includes the following:

- Administration of the municipality's bank accounts;
- Preparation and implementation of the municipality's budget;
- Performing financial management, financial reporting, cash management and supply chain management duties;
- Ensure compliance to the Municipal Finance Management Act and other legislative requirement;
- Render financial management support to local municipality within the district

All these functions and duties are carried out within the ambit of Municipal Finance Management Act (MFMA) Act No 56 of 2003, the Annual Division of Revenue Act (DoRA) and other Treasury regulations and guidelines.

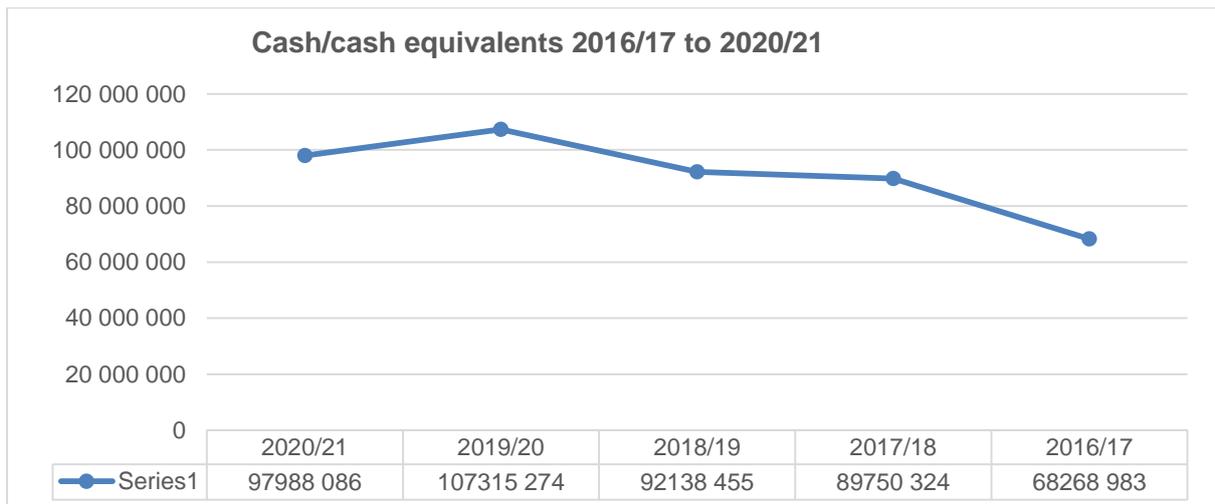
The table below provides a summary of audited financial performance and position of the municipality for the past four financial years. This financial information serves as the basis financial health analysis that follows below:

**Table 3: Financial Performance & Position of the Municipality**

	2020/21	2019/20	2018/19	2017/18	2016/17
<b>FINANCIAL PERFORMANCE</b>	<b>Prelim</b>			<b>Restated</b>	
Investment revenue	4 905 089	7 726 832	7 902 345	7 150 136	6 731 631
Transfers recognised – operational	166 734 000	162 525 488	200 427 730	187 683 035	145 706 632
Other own revenue	1 226 794	3 994 706	1 159 588	11 757 722	1 628 059
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>172 865 883</b>	<b>174 247 026</b>	<b>209 489 663</b>	<b>206 590 893</b>	<b>154 066 322</b>
Employee costs	112 775 742	104 078 422	97 046 926	94 447 227	90 656 984
Remuneration of councillors	7 960 587	7 752 868	7 630 827	6 831 269	6 547 121
Depreciation & asset impairment	7 383 425	41 032 586	5 665 248	4 768 891	2 861 252
Finance charges	2 263 007	1 533 287	2 960 083	3 520 346	1 996 000
Transfers and grants	6 163 498	6 966 486	21 888 000	2 183 000	61 661
Other expenditure	46 466 607	48 616 106	43 694 244	36 272 346	56 255 261
<b>Total Expenditure</b>	<b>183 012 866</b>	<b>209 979 755</b>	<b>178 885 328</b>	<b>148 023 079</b>	<b>158 378 279</b>
<b>Surplus/(Deficit)</b>	<b>-10 146 983</b>	<b>-35 732 729</b>	<b>30 604 335</b>	<b>58 567 814</b>	<b>-4 311 957</b>
Transfers recognised – capital	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of surplus/(deficit) of associate	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>-10 146 983</b>	<b>-35 732 729</b>	<b>30 604 335</b>	<b>58 567 814</b>	<b>-4 311 957</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers recognised – capital	-	-	-	-	-
Public contributions & donations	-	-	-	-	-
Borrowing	-	-	-	-	-
Internally generated funds	695 103	1 662 657	1 817 768	463 290	3 521 306

	2020/21	2019/20	2018/19	2017/18	2016/17
<b>FINANCIAL PERFORMANCE</b>	<b>Prelim</b>			<b>Restated</b>	
<b>Total sources of capital funds</b>	<b>695 103</b>	<b>1 662 657</b>	<b>1 817 768</b>	<b>463 290</b>	<b>3 521 306</b>
<b>Total current assets</b>					
	109 325 011	123 246 952	93 225 323	183 096 584	77 616 747
<b>Total non-current assets</b>					
	85 857 159	86 881 600	206 467 648	104 579 127	140 459 481
<b>Total current liabilities</b>					
	-32 368 223	-34 201 164	-21 498 131	-35 039 221	-19 354 390
<b>Total non-current liabilities</b>					
	-28 949 422	-26 449 170	-25 737 000	-23 223 000	-21 859 000
<b>Community wealth/Equity</b>	<b>133 864 525</b>	<b>149 478 218</b>	<b>252 457 840</b>	<b>229 413 490</b>	<b>176 862 838</b>
<b>Net cash from (used) operating</b>					
	-8 632 085	18 790 373	12 822 556	27 383 580	-13 350 163
<b>Net cash from (used) investing</b>					
	-695 103	-1 662 657	-1 886 068	-463 290	-5 582 454
<b>Net cash from (used) financing</b>					
	-	-173 794	-8 548 357	-5 545 769	
<b>Cash/cash equivalents at the year end</b>	<b>97 988 086</b>	<b>107 315 274</b>	<b>92 138 455</b>	<b>89 750 324</b>	<b>68 268 983</b>

## 6.2 Cash and Investments



From the above graph it can be deduced that the municipality's cash and reserves has been improving year on year until 2019/20. The improvement over the 5 year term is 30.3%. The decline from 2019/20

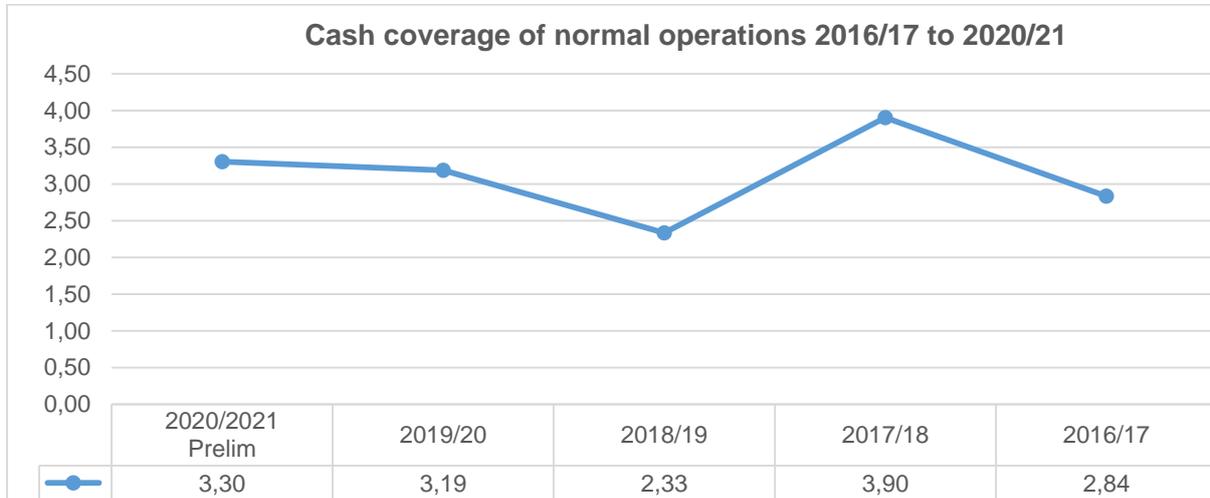
to 2020/21 was due to extra ordinary expenditure related the COVID-19 during the financial year. **Over the this period, the municipality has generally experienced a decline in real terms (annual increase in allocation is less than the expected inflation rate, and increased salaries as per bargaining council agreements was more than inflation) on the grant allocation from the National Treasury which then compelled the municipality to utilise cash reserves for augmentation of working capital requirements as well as to ensure continued support to local municipalities in the district.**

### 6.3 Funding of commitments



The above graph provides an overview the sources of funding of the municipality's commitments over the five year period. The council is required by legislation (GRAP) to provide for post-retirement benefits and long service awards. The Revaluation reserve is a legislated reserve that is required by GRAP to be cash backed.

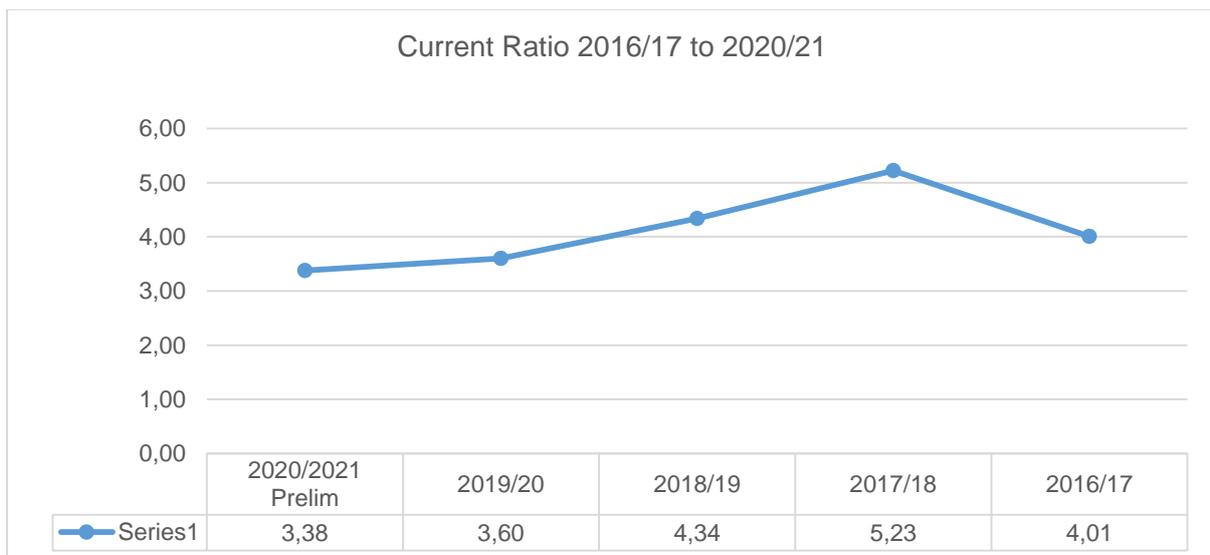
#### 6.4 Cash coverage of normal operations



Cash or Cost coverage ratio measures how many month expenditure can be covered by the cash and other liquid assets available to the municipality excluding unspent conditional grants.

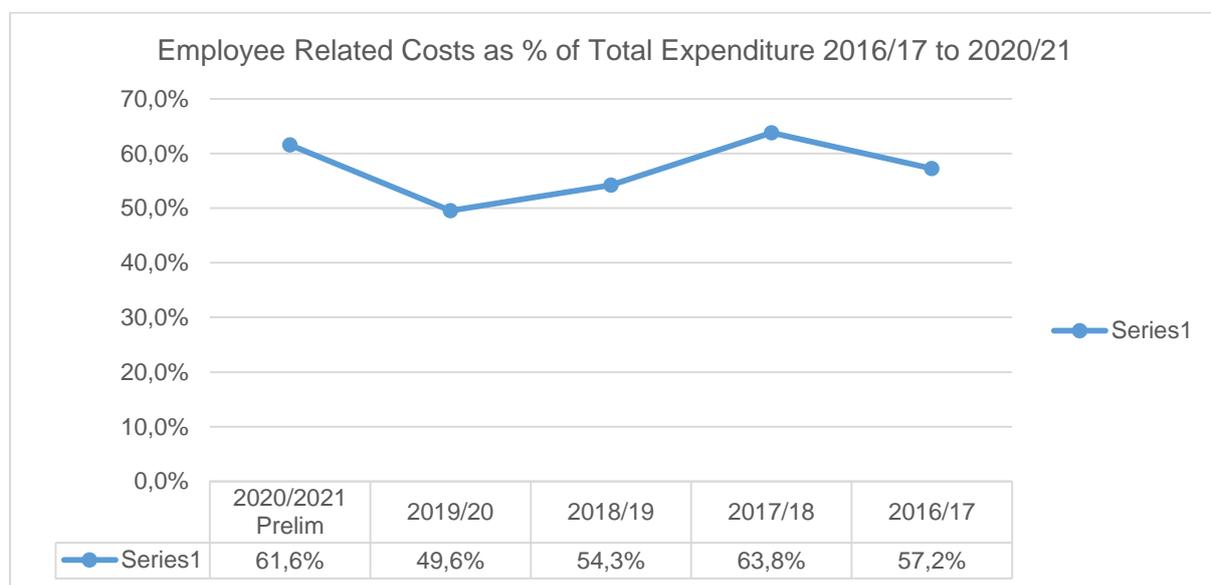
From the above graph, it is evident that the municipality's cash coverage still falls within the National Treasury' norm of 1-3 months cash coverage, however over the past five year period, there has been no real change as it was stable at about 3 months.

#### 6.5 Current Ratio



The current ratio measures the extent to which the municipality's current liabilities (i.e. liabilities payable within short term, normally up to 12 months), can be covered by the current assets (i.e. assets that can immediately be converted to cash). From the above presentation, the municipality's current assets can cover the current liabilities up to 3.38 times. This is a healthy debt coverage considering the National Treasury's norm of 1,5 to 2 times coverage.

## 6.6 Employee Related Costs



The employee related costs measures the extent of labour costs including remuneration of Councillors against the total operating costs of the municipality. The National Treasury prescribed a norm of 25% - 40% margin.

As can be noticed from above, the municipality's employee related costs ratios has over the 2016/17 to 2020/21 period, been ranging between 49.6% and 63.8%. The sharp increase in 2020/21 period relates mainly to:

- Vacancies that has been filled during 2020/21
- Payment of accumulated leave provisions; and
- Payment of long services awards.
- Increase in Post Retirement provision

All these obligations were paid in line with the approved Human Resource policies of the Council and were dully audited by the Auditor-General.

However, it must be stated that containing the spiral of employee related costs within the prescribed norms may prove to be an impossible goal to achieve since that firstly, increments in employees' remuneration is informed by bargaining outcomes for which no municipality has control, and secondly, when cost containments measures are applied on general operating expenditure, the effect is that there is an automatic increase in the percentage of employee related costs against total operating expenditure purely because the cost containment measures cannot be applied on fixed wages and salaries.

### 6.7 Contracted Services



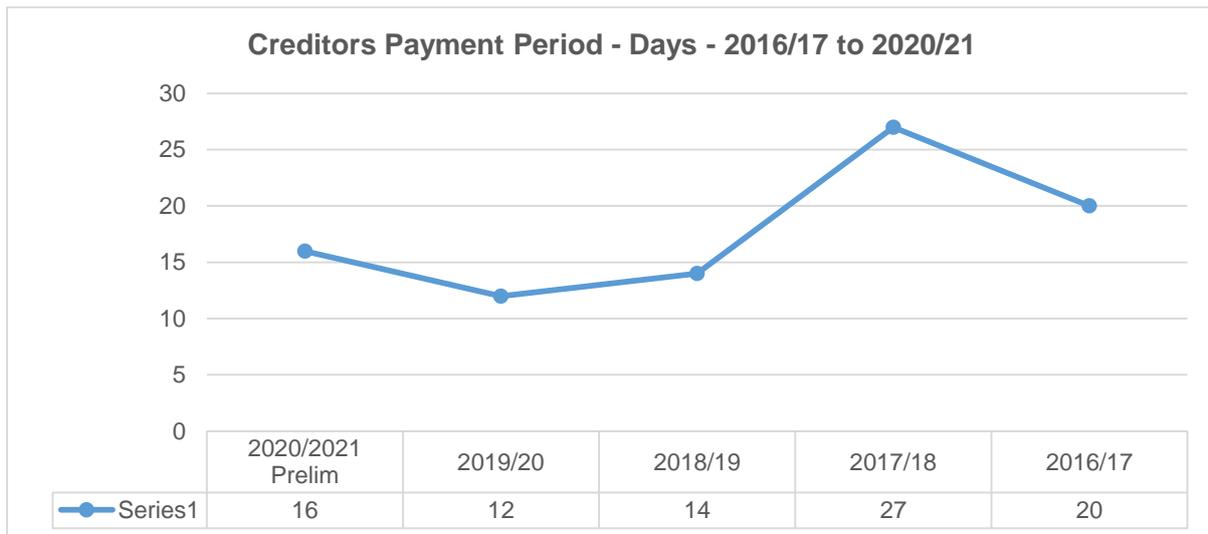
The contracted services ratio measures the extent of costs of using external mechanisms to support operational and other requirements of the institution against the total operating costs. The National Treasury prescribed a norm of 2% - 5% margin of costs of contracted services against the total operating expenditure. Between 2016/17 and 2020/21, the margin has been within the minimum of 2.56% and maximum of 9.41%. There is however a significant reduction of 4.24% on contracted services costs between 2016/17 and 2020/21.

All current contracted services are essential to the needs of the municipality and geared towards institutional development and improvement in service delivery and include the following services:

- Cleaning services
- Climate change and green economy

- Improve response incidents - (Disaster Management)
- HIV/ AIDS Jazz festival
- Performance System improvement programme
- Sport development programs

### 6.8 Creditors Payment Period



Payment of creditors within a prescribed period of 30 days is one of the key expenditure management responsibilities assigned to the Accounting Officer in terms of 65(2)(e) of Municipal Finance Management Act, 56 of 2003 (MFMA). The act particularly prescribed that the Accounting Officer of a municipality is responsible for the management of the expenditure of the municipality that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

From the above, it is evident that the municipality pays its creditors within 30 days on average. Factors that may result in delayed payment of some creditors, mainly relate to lack of integrated management systems and internal deficiencies such as:

- Noticing that tax clearances of suppliers have expired only at the time when payments must be made,
- User departments taking time to approve invoices at their level, and
- Problems with management of flow of invoices between supply chain management unit, user departments and expenditure unit.

Tax invoices does not comply with the minimum requirements as set out by SARS

## 6.9 Extent of existing loans, and associated finance and redemption payments

The municipality had a long-term loan with the Development Bank of South Africa (DBSA). This loan represented thirteen (13) separate loans that the municipality took over on behalf of the former transactional councils falling within the district and were all used to finance infrastructure requirements. Although some of the loans were redeemable by 31 December 2018, all loans were finally settled by the end of 2013/14 financial year. Other than this loan, the municipality does not have any other loan.

The balances of the loan account over the four year period are presented on the table and graph below:

2020/21	2019/20	2018/19	2017/18	2016/17
Audited balance at 30 June 2021	Audited balance at 30 June 2020	Audited balance at 30 June 2019	Audited balance at 30 June 2018	Audited balance at 30 June 2017
<b>R 0,00</b>	<b>R0,00</b>	<b>R0,00</b>	<b>R 0,00</b>	<b>R0,00</b>

The municipality does not have any exiting loans for the past 5 financial years

### Challenges:

- a) Limited grant funding as well as declining reserves against rising inflation and labour costs; resulting in decline in working capital and reserves;
- b) Lack of integrated management system for administration and management of key business processes necessary to improve administrative efficiency.

### Key Interventions:

The following are the key interventions planned for implementation in the 2021/22 financial year in order to address the identified challenges:

- a) Put cost containment measures in place in order to reduce wastage and excessive expenditure on general expenses and other commodity consumptions. The measures will include amongst others the following:
  - (i) Using National Treasury's cost model as a benchmark prior going to the market for competitive bidding;

- 
- (ii) Proactive management of progressive expenditure on all cos items against the budget;
  - (iii) Exercise the right to reject bids or negotiate with bidders where costs are excessive and beyond the estimated budget;
- b) Automate key business processes in line with mSCOA guidelines on automation of municipal business processes in order to improve efficiency and compliance.

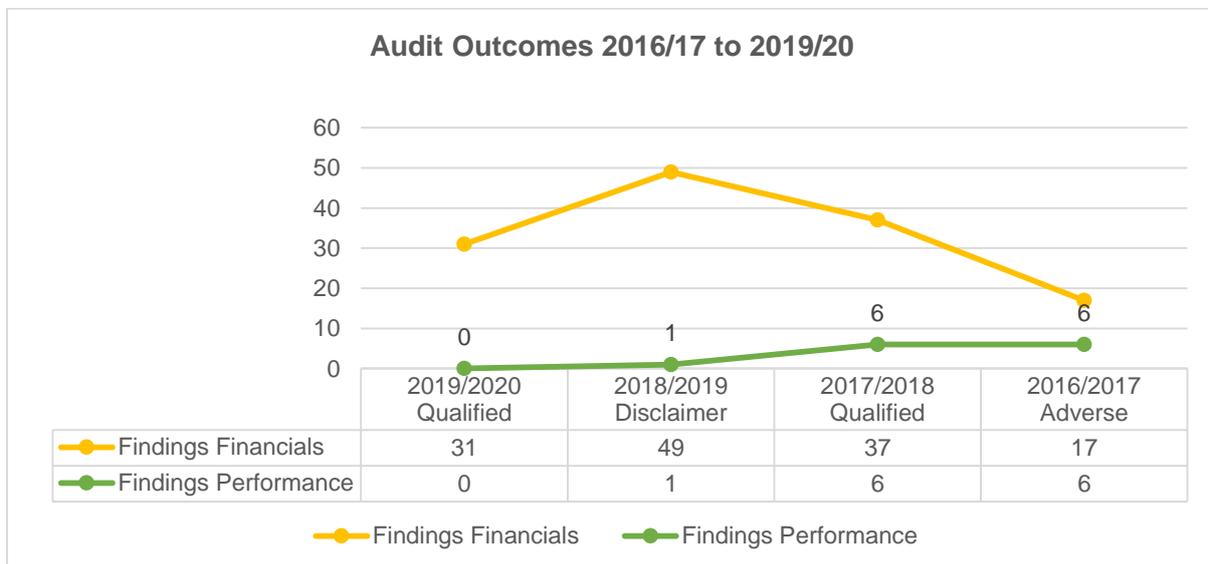
## Section 7: The municipality's 2019/20 audit outcome

### 7.1 Background

In 2009 the then Minister for Cooperative Governance and Traditional Affairs (COGTA), the late Sicele Shiceka, launched Operation Clean Audit 2014 (OCA 2014). It was the signature intervention that was aimed turning around local government by addressing issues raised by the Auditor-General in relation to financial management, governance processes and systems. The objective of OCA 2014 was that all 283 municipalities (now 278) and provincial departments should achieve a clean audit on their financial statements by 2014.

The municipality earnestly then engaged on a program of action to ensure attainment of this set goal. Audit improvement action plans were developed and actioned with year on year with an objective to reduce vulnerability to risks; improve financial management and governance practices in a manner that will yield clean audit opinion by 2014.

Below is an outline of the municipality's audit outcomes since 2016/17 to 2019/20.



From the presentation above, it can be deduced that the municipality did have a series of bad audit opinions from 2016/17 to 2018/19. However, in 2019/20, the municipality showed a significant improvement on the audit outcomes. This improvement is mainly attributable to, among others, strengthened internal controls and monitoring of key financial management processes and refined performance management planning, reporting, monitoring and review processes.

**Challenges:**

- Poor interface between financial and non-financial information to ensure accurate and consistent in-year-monitoring and quality annual reporting;
- Lack of systems to manage audit queries and recommendations by both internal and external auditors;
- Inadequate systems to manage good governance practices in order to ensure that planned audit improvement actions are robustly implemented and consistently monitored and revised where appropriate.
- Due to the late finish of the audit for 2019/2020 due to COVID-19 and National Treasury agreeing that Financial Statement can be submitted later than normal, there was challenges to implement

**Key Interventions:**

In order to achieve our goal of “Clean Audit”, our key interventions include:

- Proactive planning regarding adoption and implementation of the newly introduced Municipal Standard Chart of Accounts (mSCOA) Regulations,
- Robust implementation of post audit action plans based on the Auditor-General’s findings and develop mechanism to ensure consistent monitoring and review of progress in-year;
- Improved leadership and management actions, especially with regard to following on audit queries, both from internal and external auditors;
- Improve administrative and political oversight to strengthen accountability and responsibility.

## **Section 8: Overview of the provision of basic services**

### **8.1 Background**

The municipality is not responsible for direct provision of basic services. All basic services are rendered by the 4 local municipalities within the district. Key basic services that are provided include:

- Portable water,
- Electricity,
- Sanitation, and
- Refuse Removal

However, the municipality is obliged in terms of the powers and function to render the following basic services to the community within its area of jurisdiction:

- Environmental Health and Emergency Services,
- Local Economic Development, and
- Tourism

This section of the report will report on service delivery performance on a service-by-service in line with objectives and strategies that were approved by council in its original Integrated Development Plan for the current term of office. Therefore, this section aims at demonstrating what has been achieved and what remains outstanding as initially planned in terms of the municipality IDP. Underneath herewith is a full statement of account on how basic services were rendered during the term under review:

### **8.2 Overview of Environmental Health and Emergency Services**

The department of Environmental Health and Emergency Services (EH&ES) is a service delivery directorate. It solemnly works with the community directly.

The department comprises of four units namely:

- Municipal Health Services,
- Environmental Management,
- Disaster Management, and
- Fire & Rescue Services.

### **8.3.1 Municipal Health Services**

In terms of Chapter 2, Section 24 of the South African Constitution, Act 108 of 1996, the right of all citizens to an environment that is not harmful to their health or well-being is secured. Chapter 10 of the National Health Act, Act 61 of 2003, defines Municipal Health services and clearly stipulates the responsibilities of Municipalities in performance of such functions.

To fulfil the constitutional and legislative obligations Municipal Health Services are rendered by qualified and skilled Environmental Health Practitioners (EHPs). These services entail the provision and facilitation of comprehensive, proactive and need related services. This ensures a safe, healthy and clean environment.

Key performance areas as defined in the National Health Act under Municipal Health Services includes-

- Water Quality Monitoring,
- Food Safety Management,
- Waste Management,
- Health Surveillance of Premises,
- Surveillance and prevention of communicable diseases,
- Environmental Pollution Control,
- Disposal of the dead,
- Chemical Safety,
- Vector Control, and
- Community Participation and involvement.

**Achievements 2016/17 to 2020-21**

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
Evaluate food handling premises	Compliant food handling premises	Monitor and evaluate food handling premises	Evaluation of food premises	4036 food premises were inspected. These include re-inspection and Temporarily closure as the premises were categorised as high risk.
Ensure that food premises complies with regulation	Compliant Food Premises	Certification of compliant premises	Certificate of acceptability	708 certificates of acceptability issued to the complying premises, Most of the certificates issued were those for food handlers during events.
Implement food sampling programme	Food safety programme implemented	Food sampling programme undertaken	Bacteriological sampling at food premises	326 milk samples and 42 surface swabs were taken.
Implement health campaign on food safety	Food campaigns undertaken	Food campaigns undertaken	Food campaigns undertaken	338 food campaigns programmes were undertaken these included the education and awareness campaigns, investigation and response on Listeriosis conducted to the community at large. 1411

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
				people reached during education and awareness on Listeriosis.
Implement effective water quality monitoring	Water samples complying with legislation and SANS: 241	Water sample complying	Water Quality Monitoring	Two thousand six hundred and sixty six of three thousand four hundred and seventy four (2666/3474) drinking water samples collected and analysed complied with SANS 241:15 thus reaching 77% compliance rate
Ensure that activities and premises comply with regulation relating to handling of human remains	Compliant premises	Compliant premises with regulation	Evaluation of funeral undertakers/mortuaries	253 premises of funeral undertakers and mortuaries were inspected.
Issue of certificates of competence according to regulations	Compliant premises	Certificate of competence issued	Evaluation of funeral undertakers/mortuaries	93 certificates were issued to the complying premises that is government and private facilities. These certificate were given to new premises and to those premises that the certificates reached its validity period.

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
Surveillance and prevention of communicable diseases excluding immunisation	COVID-19 cases investigated	Number of cases investigated	Investigation of reported cases	1266 COVID-19 cases were investigated during the period which covers April 2020 – June 2021
	Tracing contacts	Number of contacts traced	Contact traced	4542 Contacts were traced during the period which covers April 2020 – June 2021
Health and awareness education on handling of human remains, COVID-19, environmental cleaning and disinfection	Health awareness and education conducted	Number of people reached with awareness and education	People reached	11169 people were reached with awareness and education elated to COVID-19 during the period which covers April 2020 – June 2021

### 8.3.2 Environmental Management

Everyone has the constitutional right to have an environment that is not harmful to his or her health and to have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that prevent pollution and ecological degradation, promote conservation and secure ecologically sustainable development use natural resources while promoting justifiable economic and social development.

The Constitution enjoins Fezile Dabi District Municipality to respect, protect, promote and fulfil the social, economic and environmental rights of everyone and strive to meet the basic needs of previously disadvantaged communities. Sustainable development requires the integration of social, economic and environmental factors in the planning, implementation and evaluation of decisions to ensure that development serves present and future generations.

The KPA of the unit are as follows:

- Waste Management,

- Air quality, and
- Noise.

#### Achievements 2016/17 to 2020-21

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
Participate in project development environmental impact assessment	Participate in all development projects as interested and affected party commenting authority	Project development and participated in EIA's	Participate during project development	We received an average of two (2) EIA's per month from DESTEA as a custodian authority
Conduct community environmental awareness and educational campaigns	Waste reduction	Awareness and educational campaigns conducted	Waste Management and Education Awareness Campaign	We conducted one (1) educational awareness campaign on average per month
Control Monitor disposal of Health Care Waste (HCW)	No illegal disposal of Health Care Waste by health care facilities	Monitoring of health care risk waste facilities	Evaluation of health care facilities	We monitored four (4) health care risk waste premises on average per month
Air Quality Management	Compliant industries in terms of Section 21 of the Air Quality Act	Atmospheric emissions licensing	Atmospheric Emissions Licensing Authority	Issued 20 AEL's as per Air Quality Act

#### Projects Completed 2016/17 to 2020/21

Name of Project	Project Milestones	Status	Budget
Air Quality Management Plan	Completed	Reviewed	2019/20
Climate Change Response Strategy	Completed	Reviewed	2020/21
Integrated Waste Management Plan	Completed	Reviewed	2020/21

### 8.3.3 Disaster Management

Disaster management unit its aim is to act efficiently and effectively deal with all disaster management issues within the entire district acting together with different stakeholders in preventing, mitigating, responding, recovery and rehabilitation work on disasters that are about or may be happening.

The mandate of disaster management is derived from the constitution of SA Act 108 of 1996 and the key act being Disaster Management Act No 57 Of 2002 including Disaster Management Framework of 2005.

The KPAs and enablers are informed by specified objectives and, as required by the Act, key performance indicators (KPIs) to guide, monitor progress and support the implementation of the framework in all three spheres of government.

Our core functions are outlined as follows:

- Integrated Institutional Capacity,
- Disaster Risk Assessment,
- Disaster Risk Reduction, and
- Response & Recovery.

#### Achievements 2016/17 to 2020-21

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
Promote integrated coordinated disaster management response through partnership between different stake holders	Quarterly meeting with relevant stake holders	Meetings held	Disaster Advisory Forum	Twelve (12) Disaster Advisory Forums were held between 2016/17 to 2018/19 financial year.  - Hundred (100) Operation JOC meetings were held between 2019/20 to 2020/21 financial year as a

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
				response to Coronavirus pandemic and other disaster related hazards
Implement and promote community awareness and educational programmes	Enhance public participation in disaster issues	Awareness campaigns and educational programmes	Disaster Campaigns	Winter Season awareness campaign. -Heat wave awareness campaign. -Cold front awareness campaign. -Festive season awareness campaign. -Fireworks (crackers) awareness campaign. -Floods awareness campaign. -Veld fires awareness campaigns. -Extreme weather awareness campaign. -COVID-19 awareness campaigns.

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
				-Drought awareness campaign  -COVID-91 vaccination awareness campaigns

#### Projects Completed 2016/17 to 2020-21

Name of Programme	Programme Milestone	Status	Budget
Institutional Capacity Meetings for Disaster Risk Management	On-going programmes for Disaster Risk Management as per Disaster Policy Framework of Fezile Dabi District Municipality aligned to Provincial and National Disaster Policy Framework.	From 2016/17 to 2020/21 financial year 725 Institutional Capacity meetings were held	Per 2016/17 to 2020/21 budget
Risk Assessment Conducted	On-going programmes for Disaster Risk Management as per Disaster Policy Framework of Fezile Dabi District Municipality aligned to Provincial and National Disaster Policy Framework.	From 2016/17 to 2020/21 financial years 1 026 disaster risk assessment measures were conducted.	Per 2016/17 to 2020/21 budget
Risk Reduction Measures Conducted	On-going programmes for Disaster Risk Management as per Disaster Policy Framework of Fezile Dabi District Municipality aligned to Provincial and National Disaster Policy Framework.	From 2016/17 to 2020/21 financial year 889 Disaster risk reduction measures were conducted.	Per 2016/17 to 2020/21 budget
Response & Recovery Conducted	On-going programmes for Disaster Risk Management as per Disaster Policy Framework of Fezile Dabi District Municipality aligned to Provincial and National Disaster Policy Framework.	From 2016/17 to 2020/21 financial year 560 disaster Response & Recovery programmes were conducted.	Per 2016/17 to 2020/21 budget

Name of Programme	Programme Milestone	Status	Budget
Simulation Exercises Conducted for Risk Reduction	On-going programmes for Disaster Risk Management as per Disaster Policy Framework of Fezile Dabi District Municipality aligned to Provincial and National Disaster Policy Framework.	From 2016/17 to 2020/21 financial year 725 disaster related simulation exercises for disaster risk reduction were conducted	Per 2016/17 to 2020/21 budget
Training; Education and Public Awareness Conducted	On-going programmes for Disaster Risk Management as per Disaster Policy Framework of Fezile Dabi District Municipality aligned to Provincial and National Disaster Policy Framework.	From 2016/17 to 2020/21 financial years 747 training, education and public awareness activities were conducted	Per 2016/17 to 2020/21 budget
Research Conducted for Disaster Risk Reduction	On-going programmes for Disaster Risk Management as per Disaster Policy Framework of Fezile Dabi District Municipality aligned to Provincial and National Disaster Policy Framework.	From 2016/17 to 2020/21 financial year 320 disaster research methodologies were conducted	Per 2016/17 to 2020/21 budget

### 8.3.4 Fire Service

Throughout history, fires have inflicted a heavy cost in human infrastructure, and damaged to the environment in a manner capable of undermining Socio – Economic Development.

The risk of fire in South Africa is influenced by a variety of Socio – Economic factors notably the rising levels of urbanisation which often result in the formal settlement comprised of shack built by highly combustible material and in close proximity to each other which heighten the risk of fire in these areas.

The danger pose by fire to human lives, infrastructure and the environment has been demonstrated by some of the major fire that humanity has experienced over the years.

Fezile Dabi District Municipality Fire Brigade Services as the designed services recognised in terms of Section 4 of the FBSA (Fire Brigade South Africa) is committed in protecting life and property in this District by providing the following services:

- Fire Suppression,

- Fire prevention,
- Rescue,
- Hazardous Material Response,
- Public Fire Education and Awareness, and
- Humanitarian Services.

**Achievements 2016/17 to 2020-21**

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
Development of firefighting function	Capacitating firefighting staff	Training of fire fighters conducted	Develop a program for fire fighters	Fire & Rescue Services is a 24hr service process that has to be maintained through various ways that includes ongoing training and refresher courses. A minimum of two courses per year over five years which sums to 10-14 courses since 2016/17. The following courses are the highlights; -PIER- Public Information, Education, & Relations. -Fire Prevention -HAZMAT awareness -Chlorine Training -Water Rescue -Ethics -OHS -First Aid -Fire Equipment Training -IMS -Re-training of Fire Fighting

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
				-Re-training of Search & Rescue -COVID-19
Responding to fire and rescue incidents	Delivery of fire and rescue services in the entire Mafube Local Municipality	Fire and rescue incidents responded to	Fire prevention program	Fire response is displays the ability of Fire Fighters. It is about how well they respond effectively to the scene. An average range of 30-45 incidents in a month, 90-120 quarterly, 360-460 annually and 1800-2000 in five years. It varies through seasons.
Compliance with statutory fire safety measures	Inspect moderate risk premises	Inspections at moderate risk premises	Fire prevention program	Most buildings are medium risk buildings due to the fact that Mafube is a small municipality with slow economic activities. The medium risk buildings are average at the range of 10-12 quarterly, 40-48 annually and 200-300 in five years. The other businesses may close down, amalgamate or move to other places, so that can also affect the number of buildings. Lately, most Spaza shops have moved from Namahadi township due to vandalism.

Strategy	Key Performance Outcome	Key Performance	Project/Programme	Status
Compliance with statutory fire safety measures	Inspect low risk premises	Inspections at low risk premises	Fire prevention program	Some not many buildings are low risk buildings due to the fact that Mafube is a small municipality with slow economic activities. The medium risk buildings are average at the range of 3-5 quarterly, 12-15 annually and 60-75 in five years
Compliance with statutory fire safety measure	Compliant building plans with statutory fire safety measures	Building plans submitted and scrutinized	Fire prevention program	Building plans are submitted at the station for scrutiny, they are averaged at the range of 6-10 monthly, 24-30 quarterly, 100 -120 in five years. Most people build in urban areas near to where they work.
Enhance public fire safety awareness	Educate learners and community in fire safety	Fire safety awareness conducted	Fire prevention program	Educational awareness campaigns are done almost every day due to their effectiveness to information dissemination and understanding. They are averaged at 10-12 monthly, 40-50 quarterly, 200-300 annually and 1500-2000 in five years. This depends on the season and the need.

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**Projects Completed 2016/17 – 2020/21**

<b>Name of Project</b>	<b>Project Milestones</b>	<b>Status</b>	<b>Budget</b>
Fire Prevention	Building compliance, resilient buildings	ongoing	2016/17 – 2020/21
Fire education	Stakeholder involvement and partnerships	ongoing	2016/17 – 2020/21
EPWP Fire	Implementation of EPWP Participants at Fire Station	ongoing	2020/21

**Challenges:**

The municipality is no longer receiving sufficient grant funding from the National Government in order to assist local municipalities in the district with the roll-out of infrastructure required for effective and efficient delivery of basic services.

**Key Interventions:**

Despite declining financial resources to speed up service delivery at local level, the municipality continues to render targeted support and to all local municipalities in the district on a need basis

## **Section 9: Main infrastructure projects Completed during the term and planned infrastructure projects for the 2020/21 budget and MTREF**

### **9.1 Completed Projects 2016/17**

<b>Projects Description</b>	<b>2015/16 and 2016/17 Allocation</b>	<b>Expenditure</b>	<b>New/Upgrade</b>
RRAMS (15/16)	R2 039 000	R1 996 738	Upgrade
Ngwathe rehabilitation of streets (15/16)	R10 000 000	R10 000 000	Upgrade
RRAMS (16/17)	R2 119 000	R2 119 000	Upgrade

### **9.2 Completed Projects 2017/18**

<b>Projects Description</b>	<b>2017/18 Allocation</b>	<b>Expenditure</b>	<b>New/Upgrade</b>
RRAMS	R2 183 000	R2 183 000	Upgrade

### **9.3 Completed Projects 2018/19**

<b>Projects Description</b>	<b>2018/19 Allocation</b>	<b>Expenditure</b>	<b>New/Upgrade</b>
RRAMS	R2 188 000	R2 077 950	Upgrade
Electrical Infrastructure Mafube LM (Ntswanatsatsi Ext Cornelia & Qalabotjha Ext Phase 3 Villiers)	R4 000 000	R3 996 190	New

### **9.4 Completed Projects 2019/20**

<b>Projects Description</b>	<b>2019/20 Allocation</b>	<b>Expenditure</b>	<b>New/Upgrade</b>
RRAMS	R 2 317 000	R2 284 717	Upgrade
EEDSM	R6 000 000	R5 212 686	Upgrade

## 9.5 Planned Projects for 2020/21

Project Name	MTREF ESTIMATES			Ward No	Project Description / Type of Structure	Project Duration	
	2019/2020	2020/2021	2021/2022			Planned Start Date	Planned Completion Date
<b>Vote: Project Management &amp; Public Works</b>							
RRAMS	R2 317 000	R2 206 000	R2 236 000	DC20	Rural Roads Asset Management System	2020/07/01	2021/06/30
EEDSM	R6 000 000	R2 700 000	R4 000 000	FS205	Energy Efficiency & Demand Side Programme retrofitting of street lights with LED's in Mafube area	2020/07/01	2021/06/30
<b>Total</b>	<b>R8 317 000</b>	<b>R4 906 000</b>	<b>R6 236 000</b>				

### Challenges:

Not enough funding is made available to the municipality to enable rapid provision for basic service delivery infrastructure within the district.

### Key Interventions:

Despite financial constraints, we continue to play pivotal role in providing technical, financial management and other forms of targeted support to local municipalities within the district in an effort to reinforce the available capacity at local level.

## **Section 10: Key processes requiring Council input**

The following table list the key processes between July 2021 and 30 October 2021 which may require the incoming Council's inputs. These processes and the corresponding key deadlines are prescribed by legislation and are critical in the decision making processes of the Council and will need to be complied with.

<b>Key Process / Action Required</b>		<b>Key Deadline</b>
1	Timetable for preparation of coming year's IDP and annual budget must be tabled to Council for approval.	31 August 2021
2	Municipal Manager Tabling Draft Unaudited Annual Report for the period ending 30 June 2021	31 August 2021
3	Municipal Manager Tabling Annual Financial Statements for the period ending 30 June 2021	31 August 2021

### **Challenges:**

None

### **Key Interventions:**

None

## **Section 11: Other information deemed to be important**

### **11.1 Risk Management**

The municipality has a fully functional Risk Management Unit, is mainly responsible for the implementation of effective risk management as a key element of good governance and rigorous performance management. Risk management is an integral part of corporate, business planning and service delivery.

In line with the requirements of MFMA, the Accounting Officer undertook a commitment to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

During the period under review, strategic and operational risk assessment was performed for all areas within the municipality, risk identification processes were carried out through the interview, discussions and completion of risk management template by management and senior employees.

The following are municipal key focus areas and strategic risks that were assessed in 2020/21 financial year:

No.	Key focus area	Top risks	Existing Control	Response measure(s)
1	Environmental health and Public Safety	Failure to be assisted or assist in response to incident scene of cross boundaries/ neighbouring district	Integrated fire management plan. FDDM is assisting local municipalities. Moqhaka Local Municipality have signed SLA. Mutual agreement with Metsimaholo and Ngwathe Local Municipality has been reached in terms of assistance.	Control Effectiveness: Moderately Effective Risk Treatment: Tolerate
2	Environmental health and Public Safety	Failure to respond effectively on incident scene due to poor communication.	Push to talk device is in place and fully functioning, portable radio communication and telephone.	Control Effectiveness: Highly Effective Risk Treatment: Tolerate

No.	Key focus area	Top risks	Existing Control	Response measure(s)
3	Environmental health and Public Safety	Poor turnout time to some areas.	Stand-by station at N3 road during peak period	Control Effectiveness: Highly Effective Risk Treatment: Tolerate
4	Environmental health and Public Safety	Lack of commitment from Local Municipalities to sustain fire services	Integrated fire management plan. FDDM is assisting local municipalities. Moqhaka Local Municipality have signed SLA. Mutual agreement with Metsimaholo and Ngwathe Local Municipality has been reached in terms of assistance.	Control Effectiveness: Moderately Effective Risk Treatment: Tolerate
5	Environmental health and Public Safety	Non-existence of air quality management by-laws	Air Quality Management Plan. Atmospheric Emission Licensing.	Control Effectiveness: Moderately Effective Risk Treatment: Treat Public Participation process was conducted. Customised Air Quality management by-laws has served in management meeting for 13 <sup>th</sup> of August 2019.
6	Environmental health and Public Safety	Global Pandemic outbreak.	Occupational Health & Safety Policy. The municipality ensure that it has adequate preventative measures to limit workplace transmission or infection	Control Effectiveness: Effective Risk Treatment: Tolerate
7	Financial Services	Poor budget management.	Monthly expenditure report. Submission of quarterly budget variances report.	Control Effectiveness: Effective Risk Treatment: Tolerate
8	Financial Services	Late submission of Annual Financial Statements	Appointment of service provider with clear and attainable project milestones. Regular monitoring of internal controls.	Control Effectiveness: Not Effective Risk Treatment: Treat Procurement of the Service Provider to Compile the Annual Financial Statement has been done on time.

No.	Key focus area	Top risks	Existing Control	Response measure(s)
9	Financial Services	Lack of ICT infrastructure for the remote workstations	Available infrastructure for virtual platforms.	Control Effectiveness: Highly Effective Risk Treatment: Tolerate
10	Financial Services	Loss of systems information due to theft, system failure and natural disaster.	IT Backup Policy and Procedure. Daily off-site backup of information internally and weekly off-site backup of information externally. Bi-annual testing of off-site tapes	Control Effectiveness: Highly Effective Risk Treatment: Tolerate
11	Governance Strategic Support Services	Inability to restore business promptly due to poor implementation and testing of business continuity plan.	IT Backup Policy and Procedure. Daily off-site backup of information internally and weekly off-site backup of information externally. Business Continuity plan.	Control Effectiveness: Highly Effective Risk Treatment: Tolerate
12	Governance Strategic Support Services	Ineffective electronic security system.	Security policy and directives. Access controls in place. Security system maintenance contract.	Control Effectiveness: Highly Effective Risk Treatment: Tolerate

The municipality has maintained continuous monitoring and implementation of control to mitigate material risks. Risk registers are updated for all the departments on a quarterly basis in terms of any changes and progress made on action taken to improve management of identified risks. This process is repeated and reviewed regularly, ensuring that the information remains relevant.

Training on risk management was provided for Mayoral Committee Members, Directors and Risk Champions. The risk assessment report was communicated to the Management, Risk Committee, Audit Committee and Municipal Council on a quarterly basis.

## 1.2 Operational Status of Disaster Management Centre

FDDM Disaster Management Centre is operational. Mobile communication exists to communicate as well as do assessments when disaster coordinators visit disaster areas. Toll Free number also exists for the Centre.

**Challenges:**

Due to the infancy of the centre, work still needs to be done in order to ensure that the following are achieved:

- a) Identification and establishment of consultative mechanisms for specific priority disaster risk reduction projects;
- b) Development of a supportive information management system; and
- c) Development of emergency communication capabilities and plans.

**Key Interventions:**

The future plan is to link disaster management centres in local municipalities within the district with the FDDM disaster management centre in Sasolburg. This will enable easy coordination of disaster risk management activities at a district level, and also to ensure that the above stated outstanding issues are addressed comprehensively, taking into account requirements and inputs of our local municipalities.

**11.2 Anti-Fraud and Corruption**

During 2019/20 financial year, the municipality adopted strategies to combat fraud and corruption in the IDP. The Internal Audit Unit plays a pivotal role in the review of processes and adherence to process relating to segregation of duties, procurement process, efficiency of internal controls, and other measures to prevent fraud and corruption from occurring.

**Challenges:**

The municipality has not experienced any fraud and / or corruption related challenges over the period under review.

**Key Interventions:**

Continue to strengthen institutional capacity to continue to prevent fraud and corruption from happening.

### **11.3 Supply Chain Management**

The municipality has an approved supply chain management policy which is in line with the MFMA, Supply Chain Management Regulation and Preferential Procurement Policy Framework Regulations of 2011. The policy was last reviewed in 2019/20 financial year and was adopted by council of 28 May 2020 for implementation in 2020/21 financial year.

The Supply Chain Management unit is appropriately capacitated in terms of human resources and skills. The unit is headed by a senior official who assume the duties of a senior supply chain practitioner.

The composition of the bid committees is in accordance with the provisions of the Supply Chain Management Regulations, 2005, and there is regular reporting on the implementation of the policy.

#### **Challenges:**

Manual processes which results in fragmentation in the system and procurement delays.

#### **Key Interventions:**

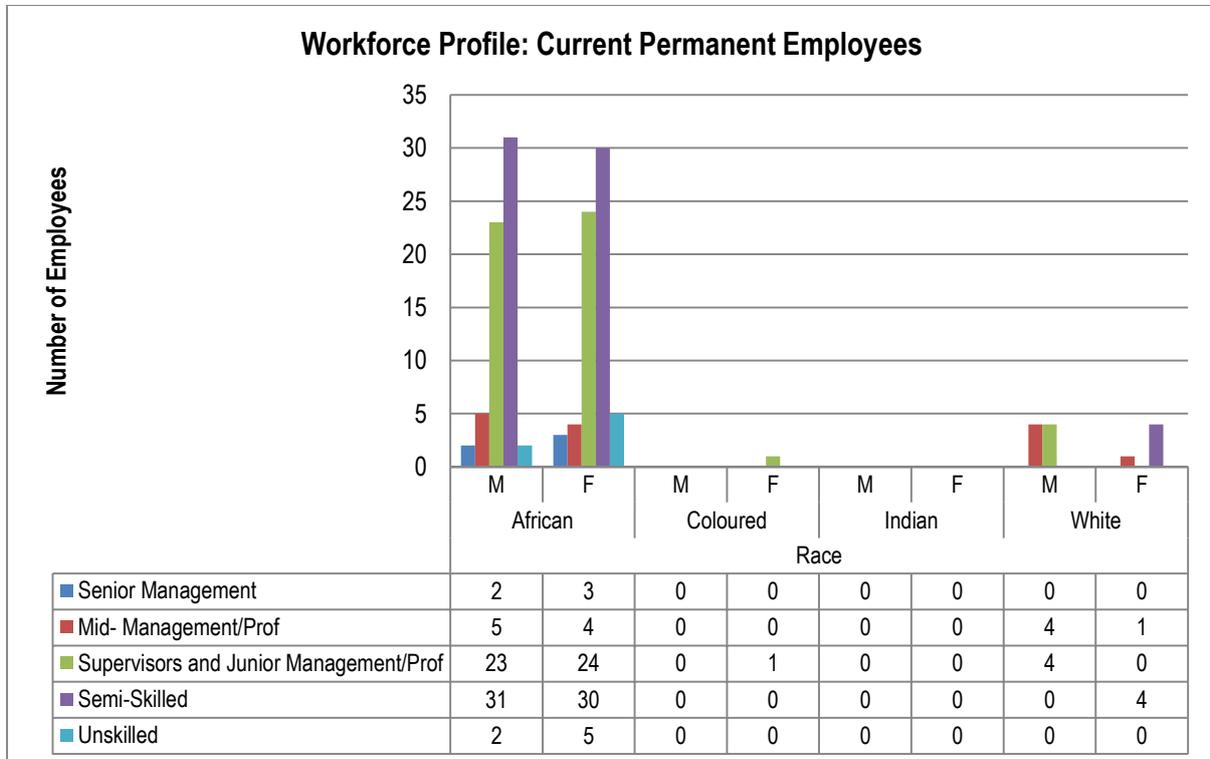
Automation of the entire supply chain management processes in line with mSCOA guidelines on automation of municipal business processes in order to improve efficiency and compliance.

### **11.4 Workforce Profile**

The municipality's primary focus is to ensure that departments are neither over- nor understaffed, and that employees with appropriate talents and skills are available to carry out tasks in the right jobs at the right time to support the municipality to achieve its strategic objectives.

As part of the bigger human resource management plan, the municipality's human resource strategy focuses on filling of critical vacancies, skills audit, and capacity building intervention for councillors and officials, performance recognition and develop human equity plan.

The graph below summarizes the current total permanent workforce of the municipality per race group.



**M= Male, F= Female**

**Challenges:**

Local Government: Regulations of Appointment and Conditions of Employment of Senior Managers, 2014, promulgated in January 2014 in terms of Government Gazette No. 37245, necessitated the municipality to undertake a comprehensive review of its organisational structure of the municipality within 12 months after their promulgation. This is an outstanding matter since that such review has not been conducted. The completion of this review will also enable the municipality to accurately assess its workforce needs and conclusively plan for any redress where required.

**Key Interventions:**

A comprehensive staff establishment review will be conducted within 12 months after the start of term of the new Council in line with sub-regulation 4(3)(a) of Local Government: Regulations of Appointment and Conditions of Employment of Senior Managers, 2014.

## 11.5 Skills Audit

Skills Audit exercise conducted in February 2016. The objective was to gather information on the competency profile of all the municipality's employees so that competency gaps and employees' development needs could be identified and training plan used as an input to the FDDM Workplace Skills Plan. A total of 106 Employees completed Skills Audit Questionnaire.

Based on the audit, the skills profile of the Fezile Dabi District was as follows:

<b>Details</b>	<b>Number of Employees (Excluding Councillors)</b>	<b>NQF Level</b>
Employees who require AET (Adult Education & Training)	9	3
Employees with matriculation certificates (matriculated)	33	4
Employees with other educational certificates	24	5
Employees with National Diploma	16	6
Employees with Bachelor Degrees	17	7
Employees with Honours Degrees	4	8
Employees with Maters Degrees	2	9
Employees with Doctorate Degrees (Ph.D)	1	10
<b>Total Number of employees</b>	<b>106</b>	

### Challenges:

Not all employees participated in the Skills Audit, and this place the municipality in a situation where it is not possible to provide a fully comprehensive skills audit outcomes.

### Key Interventions:

A policy framework is to be developed and tabled to council for approval in relation to Skills Audit of employees. This will ensure that all employees are full obliged and held accountable to participate in skills audit initiatives.

## 11.6 Minimum Competency Levels Requirements

Municipal Regulation on Minimum competency Levels, 2007 set out the minimum competency levels that must be met by the Accounting Officer; the Chief Financial Officer; Senior Managers of the Municipality; Other Financial Officials and Supply Chain Management Officials of the Municipality;

In line with the above stated legislative requirement, the table below provides an overview of progress made in meeting the set minimum competency levels:

### Senior Managers:

The table below provides an overview of Minimum Competency Programmes undertaken by senior managers of the municipality.

Name	Title	Course	Start Date	Progress
M Taetsane	Mr	CPMD	20 November 2020	In Progress
N Mdaka	Ms	CPMD	03 May 2021	In Progress

### Financial Officials and Supply Chain Officials

The table below provides an overview of Minimum Competency Programmes undertaken by Financial Officials and Supply Chain Management Officials of the municipality.

Name	Title	Course	Start Date	Progress
Mapheello Motsitsi	Ms	Municipal Finance	05 July 2021	In Progress
Sihle Jico	Mr	Municipal Finance	05 July 2021	In progress
Mamokete Mtimkulu	Ms	Municipal Finance	05 July 2021	In progress
Thabiso Ganafana	Mr	Municipal Finance	05 July 2021	In progress

### Challenges:

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Most of the competency programmes are not fully aligned with the assessed Workplace Skills Plan (WSP) of the municipality, thus compelling employees to have to attend various skills programmes, whilst at the same time they should also prioritise their work responsibilities. This then creates a situation where various programmes, including competency aligned programmes are not completed in time.

**Key Interventions:**

Effective from 2020/21 financial year, an internal exercise will be undertaken to align the WSP programmes and various Competency Requirements Programmes so as to ensure that comprehensive and most effective skills programmes are identified that are able to meet both the skills requirements of employees and legislated competency requirements at the same time.

**11.7 Performance Management System**

The municipality has a functional Performance Management System in place. Performance recognition is designed and the reward system is implemented for the senior management level. All the reported performance information is subject to internal and external audits. Performance evaluation is conducted on the basis of reported performance and performance evidence disclosed and audited.

**Challenges:**

Despite the municipality having achieved clean audit on reported performance information in 2019/20 financial year, use of manual processes results in various management challenges from planning to reporting and auditing of performance information.

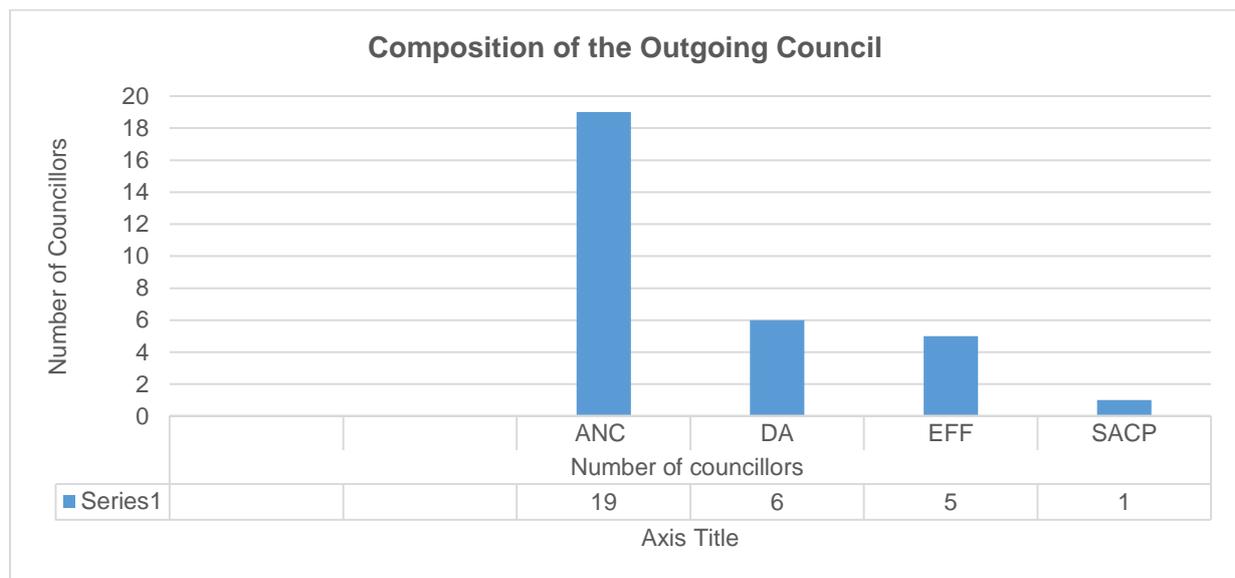
**Key Interventions:**

The plan is to a fully automated performance management system in line with mSCOA guidelines on automation of municipal business processes in order to improve efficiency and compliance.

**11.8 The Outgoing Council**

The outgoing Municipal Council consisted of 31 councillors affiliated to different political parties. The Executive Mayor and the speaker also form part of this council and were both full time political office bearers.

The compliment of the Municipal Council was made up as follows in relation to political party affiliation:



### 11.9 Committees of the Outgoing Council

During the term under review, the Council had six committees established in terms of section 79 of Municipal Structures Act, 177 of 1998, an Audit Committee established in terms of section 166 of Municipal Finance Management Act, 56 of 2003 and Municipal Public Accounts Committee established in terms of section 32 of Municipal Structures Act, 177 of 1998.

The names of the committees, their primary roles and their respective chairpersons were as follows as at the end of the term under review:

Name of Committee	Outgoing Chairperson	Political Party
Finance Committee	Cllr Madise Mosia	ANC
Corporate Support Services Committee	Cllr P Modikoe	ANC
Project Management & Public Works Committee	Cllr Puleng Modikoe	ANC
Environmental Health & Emergency Services Committee	Cllr M Magashule	ANC

Name of Committee	Outgoing Chairperson	Political Party
LED & Tourism Committee	Cllr J. Mareka	ANC
Sports & Social Development Committee	Cllr V De Beer	ANC
Audit Committee	Mr E Mohlahlo	Non-Political
Municipal Public Accounts Committee (MPAC)	Cllr G Nketu	ANC

## ***Section 12: Conclusion***

As indicated and outlined under the purpose of this hand over report, which has been prepared in line with requirements of MFMA Circular No. 108 of 08 March 2021. The primary objective of this hand-over report is to provide the new Council with insight information which will serve as an orientation the municipality, The report also highlighted the state of its finances, service delivery and capital programmes, as well as key issues that need to be addressed. It is also expected in terms of this report for the incoming council to take note of key outstanding issues that will require its urgent attention.