

# **INXUBA YETHEMBA LOCAL MUNICIPALITY**



## **FINAL DRAFT ANNUAL REPORT 2024/25**

Version3\_190126

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## PROCESSES FOLLOWED BY THE MUNICIPALITY

In terms of Section 127 of the MFMA (Act 56 of 2003), the Mayor is required to table the Annual Report in Council within 7 months after the end of financial year. In terms of Section 127 (5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the Annual Report, invite the local community to submit the representations in connection with the Annual Report and submit the Annual Report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

In terms of Section 129(1) the Council is required to consider the Annual Report of the municipality, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an Oversight Report containing the council's comments on the Annual Report, which must include a statement whether the council has approved the Annual Report with or without reservations, or refer the annual report back for revision of issues that need to be revised or that Council reject the annual report.

**MFMA Circular 63 suggest the following format for the Annual Report; namely**

Reference	Details
1	Chapter 1: Mayor's Foreword and Executive Summary;
2	Chapter 2: Governance;
3	Chapter 3: Service Delivery Performance;
4	Chapter 4: Organizational Development Performance
5	Chapter 5: Financial Performance;
6	Chapter 6: Auditor General's Findings;
7	Appendices; and
8	Volume II: AFS

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.1 EXECUTIVE MAYOR'S FOREWORD

It is with great pleasure and a sense of responsibility that I present to you the Annual Report for the Inxuba Yethemba Municipality for the period 2024-2025. This report will outline our performance on the pre-determined objectives as set out in the Integrated Development Plan and the Service Delivery and Budget Implementation Plan (SDBIP). As we reflect on the past year, we find ourselves at a crossroads of progress, challenges, and unwavering commitment to our residents. This Annual Report is a build-up of a testament to our collective journey, a reflection of the challenges we have faced, and a roadmap to the future we are building together as we approach the third of the five years of the Council Term...

In the dynamic tapestry of South Africa, municipalities play a crucial role in the daily lives of citizens. Inxuba Yethemba Municipality, entrusted with the responsibility of roads, electrical distribution, community services, and local economic development, is guided by a steadfast commitment to meet the diverse needs of our community. While we are not directly responsible for water services, our mandate is to ensure a holistic and sustainable quality of life for every resident

### **Inxuba Yethemba LM's Political Priorities (2021)**

The Local Government elections of 2021 ushered a new political dispensation with a mandate that sets the tone for the development of a five-year IDP (2022 -2027). Inxuba Yethemba LM is guided by the following 10 (ten) priorities, as highlighted by the Local Government Elections Manifesto. Over the past five years of being Council, we committed ourselves to services delivery excellence we shall be measured on the following Strategic Priorities and **Outcomes**.

**Table 1 – Political Priorities for Council Term**

1	Provision of roads.
2	Provision of electricity.
3	Provision of land and housing in assisting the Provincial Housing Department
4	Choose the best people to run municipalities.
5	Food security in partnership with DRDAR.
6	Fight corruption and end wastage.
7	Make municipalities financially viable.
8	Jobs, education, training, and opportunities for young people.
9	Fight against gender-based violence and safer communities.
10	A non-sexist society and commitment to gender equality.

### **Confirmation of Municipal Strategic Objectives – 2024/25**

As part of the pre-planning processes which includes a detailed Risk Assessment process which has a direct bearing to the Municipal Objectives at a strategic level, the following Strategic Objectives were confirmed by Council in concurrence with the Management and remain unchanged : -



**Table 2: Strategic Objectives and Related Programmes**

No	Strategic Objective	SO No	Related KPA
1	Basic Service Delivery and Infrastructure Development	SO1	Technical Service Community Services
2	Local Economic Development	SO 2	Integrated Planning and Development
3	Municipal Transformation & Organisational Development	SO 3	Corporate Services
4	Good Governance & Public Participation	SO 4	Office of MM Council
5	Financial Management and Viability	SO5	Budget & Treasury

**Service Delivery Highlights (2021-2025)**

By way of reflecting retrospectively, in 2021, the 5-Year Council Strategic Plan committed to the new approach in accepting the key role to facilitate cooperative governance, providing clear paradigm shift and indicators towards implementing the new approach in delivery of services as a Council mandate. Further, it gave detail of the Municipal Strategic Interventions and specific actions with five year targets for Strategic Objectives and Goals.

With the Council approaching the end of the 5<sup>th</sup> year of the 5 years of its Mandate, the institution has taken strides to seriously evaluate the extent to which it has succeeded in achieving each of the strategic goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

To this regard the Municipality has compiled a detailed report and a well-articulated SOMA that gave the picture of work done to date with great pride. We would like to thank our Council collective, Ward Committees and Communities of Inxuba Yethemba in various Wards for having made this a possibility and the product we have through the 'LEGACY 5' initiative.

The 5-year Legacy of the Municipality prides itself of key demonstrated achievements that have since been sustain throughout the past four years including the half of the last year of Council Term. The detailed pockets of achievements are reflected in the Municipal News Letter (Legacy 5) and formed part of the last SOMA presented to the Communities of Inxuba Yethemba Municipality.

***Navigating Current Challenges***

Despite the considerable progress made over the past including the current year (2024/25) the municipality still faces some challenges. Of these, some are structural, some are legacy issues, some relate to inherent limitations posed by the Local Government Funding Model through uneven Grants allocation, other realized dependencies for Outcomes delivery in Services within the IGR set-up. However, as the Municipality committed to continual improvement through engaging and quality improvement, these aspects are our focal point for the next and very last Strategy review of this term of Council

These matters become very critical as they are in the last year of Council and thus a very critical transition period to Local Government Elections. As part of the Integrated Delivery Model, this warrants more packaging and improved planning, resources and interventions collective by the Local Municipality, the District including all the IGR partners directly impacting in such sectors as Housing Delivery, Road Infrastructure, Water and Electrification to mention just a few.



**Table 3: Top Ranking Priority Needs**

Municipal Mandate / Competency-related	District Municipality Competency-related	IGR-related
Jobs	Water	Funding Dependencies
Houses	Sanitation	Government Debt
Roads		
Electricity (High Mast Lights)		
Skills Development		
Sports Grounds		
SMME Support		
Bursaries		
Community Halls		

**Other Generic Challenges Still faced by the Municipality**

- High unemployment. This is a major challenge for government as well as the Municipality, as it is a drag on the economy and a source of social unrest.
- The unemployed in Inxuba Yethemba Municipality includes all persons between 15 and 65 who are currently not working, but who are actively looking for work. It therefore excludes people who are not actively seeking work (referred to as discouraged work seekers).
- Based on the latest Statistics SA figures, the Unemployment Rate of the Municipality as to the Chris Hani District Municipality stands at 7.95 % as at 2025.
- The Municipality in response to the decision of Council during the Strategic Planning, has also responded through a program for the Unemployed Youth. The aim of the Programme was to make a dent on youth unemployment. Positive spinoffs of the programme include self-employment, entrepreneurs to advance independence to participate in local economic development.
- The Municipality also has enrolled some Unemployed Graduates in a various Skills Program including Customer Care, Office Administration and Entrepreneurship Skills. This is an internally funded initiative.

The following Learnerships also formed part of Youth Development and Unemployment Reduction

- New Venture Creation
- Environmental Practice (Group1)
- Environmental Practice (Group 2). These talk back to the targets in the approved WSP
- Poverty: In 2020, there were 43 000 people living in poverty, using the upper poverty line definition, across Inxuba Yethemba Local Municipality - this is 16.22% higher than the 37 000 in 2010. The percentage of people living in poverty has increased from 55.59% in 2010 to 57.88% in 2020, which indicates an increase of -2.29 percentage points.
- Crime: The Gender-based Violence still remains one of the serious challenges that the Municipality is facing. Vandalism and Cable Theft also are prevalent with escalating numbers, however the Municipality working with the Other Sector Departments in particular SAPS is working on strategies to deal with this. This is a major concern for businesses and tourists, and it makes it difficult for people to feel safe in their own homes.



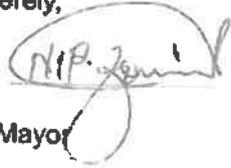
Whilst the Municipality is not a water-centric entity (neither a water service authority nor provider), it still works very closely with the District Municipality that has this mandate. We acknowledge the challenges faced on the ground on Water and Sanitation, working hard with the District Municipality.

The Municipality continues to provide electricity to its communities, with certain percentage of wards falling under its jurisdiction in terms of power supply, however, other the due restriction of the municipality, with the remain, 3 still being serviced by Eskom out of the 9. Engagements with Eskom will soon be pursued in order to ensure that the Municipality covers 100% in power supply to all the people of this area.

**Conclusion:**

In conclusion, this Annual Report for 2024-2025 reflects our journey as a collective encompassing both progress and remaining challenges we face, as well as a collective determination to build a better future for all. As we navigate the path ahead, let us unite in our shared vision for Inxuba Yethemba Municipality that thrives, prospers, and stands as a beacon of excellence in South Africa.

Yours sincerely,

Signed by:   
N P Zonke  
Executive Mayor



## **1.2 MUNICIPAL MANAGER'S OVERVIEW**

The 2024/25 Annual Report, prepared in terms of section 46 of the municipal systems act, 2000 (act no. 32 of 2000), reflects on activities executed during the financial year and provide an update on key areas that were planned to bring about the development of the Inxuba Yethemba Municipality, in line with the provisions of section 152 of RSA constitution (1996) and the white paper on local government (1998).

In the quest for optimal performance, we put in place fully fledged departments directed by capable directors for financial services, corporate services, community services, infrastructural services, integrated planning and economic development.

### **Going Concern**

This is majorly attributable to the Eskom Debt heaving weighing of the resources as an outflow and a major part of the creditors at hand. The same effect of the Non-cash items that are not cash-backed (Depreciation, Provision for Debt Impairments) has also seen the Municipality still faced with a Deficit on the Statement of Performance, however financially stable as per the Cash Reserves.

### **Sustained Delivery and Response to IDP Needs**

- Currently we are unable to meet all the needs of our communities as per our aspirations in the IDP. This is due to limited funding that the Municipality receives annually in the midst of some notable backlogs..
- The Inter-Governmental Relations Framework where all three spheres of government provide a singular seamless response to the needs of our community, strengthens the continuous communication between all three spheres of government. The willingness of organized formations from civil society, business and labor to work together must be appreciated and responded to appropriately.

### **Revenue Enhancement for Sustainable Service Delivery**

To reduce the Grant dependency since our grant funding for infrastructure and therefore economic development is very inadequate, the Municipality has since developed a Revenue Enhancement Strategy. This seeks to restore its financial stability and a muscle to deliver services, and has since set up a Committee on revenue management with terms of reference in place.

### **Sustainability of Infrastructure Delivery**

Linked to the sustainability of our services is a challenge of Repairs and Maintenance to the existing infrastructure and backlogs and as such our ageing infrastructure needs urgent attention towards ensuring sustained economy. The Municipality continues to work hard in ensuring that ageing infrastructure and facilities are replaced to ensure sustainable supply of basic services, investor confidence and investment attraction initiatives, partnership and collaboration with stakeholders and diversify revenue streams etc. We continue to put all measures in place to ensure that the municipality is sustainable operationally and financially

The Municipality has for the past 4 years set itself a target of 100% on capital expenditure spending ensuring on Grants. For the past 4 years the Municipality has achieved this target by ensuring all MIG funding has been spent on time.

## **Governance**

- The Municipality has had functional Governance structures including functional oversight Committees that are linked to the Departments on Operationalization of the SDBIP through the S80 Committees.
- Admin-led Governance structures include a functional Internal Audit that played its Assurance and Advisory role during the year of reporting through its Audit Plan Implementation.
- The Municipality has also had a functional Risk Committee that is chaired by an external Chairperson which has consistently contributed to both Governance and Service Delivery improvement initiatives through its guidance.
- Despite having maintained three consecutive Unqualified Audit Opinion from 2021/22 to 2023/24, the municipality received a Qualified Audit Opinion in the 2024/25 Financial period. Drastic measures to quickly revert to the Unqualified Opinion, the Municipality will develop and monitor its Audit Improvement Strategy over and above the Action Plan to improve the Findings raises. The approach seeks to look holistically on Governance, Performance, Risk, Service Delivery and Compliance aspects that contributed to the regression and beyond.
- The Municipality has had a functional Audit Committee, despite some vacancies that arose due to unforeseen circumstances beyond it.

## **UIFWE**

- Considerable progress has been made around the implementation of the UIFWE Reduction Strategy as the backlog on Unauthorized, Irregular, Fruitless and Wasteful Expenditure has been dealt with by the MPAC during the financial year.
- To accelerate the process, the Municipality has since developed an Implementation Plan that is submitted and monitored by Treasury on a Monthly basis.
- The Municipal DC Board Charter and its Terms of References have since been updated to accommodate the interface and clear lines between the work of MPAC and the DC Board.
- The Municipality has also developed a Consequence Management Policy, Guide on the Detection and Reduction of the UIFWE Historical Balance over a 10-month period.

## **Local Economic Development**

On the aspect of economic development, it gives us pleasure that the Municipality led by IPED is on the drive of attracting direct investment with the Municipality being the key role player as the provider of services and land owner. However, these endeavours are not without challenges; the challenge of congestion due to coal trucks delivering commodity to the port has not been resolved. According to numbers provided, there is a high rate of influx of trucks a month into the municipal area. In the quest to find solutions, we continue talking to all external stakeholders, some of whom we have strategic partnerships.

The Municipality continues to work hard in ensuring that ageing infrastructure and facilities are replaced to ensure sustainable supply of basic services, investor confidence and investment attraction initiatives, partnership and collaboration with stakeholders and diversify revenue streams etc.

### **Internal management changes in relation to section 56/57 managers.**

- At the time of this reporting, the Municipality still had two critical vacancies in relation to S56/57 Managers in the form of both Directors (Corporate Services and IPED) . The Municipality has applied its Policies and due processes in terms of recruitment of the necessary and competent candidates, however as at 30 June 2024 the process did not yield positive results.
- The Management will within due course get approval from Council to re-advertise, after which in the event of the same outcomes, it will do headhunting in terms of the prescribed Council Policy.

### **Financial sustainability as represented by the financial health ratios.**

- The Municipality's Financial Health status is currently frustrated by the Going Concern issue with underlying causes relating to the Liquidity Ratio, Cash Coverage at the forefront . These are at not normal levels in terms of the norms due to the Municipality being unable to meet its current short term obligations. This is caused by Eskom Debt whilst Collection is also not at a desired state.
- The AG has conducted Financial Analysis and the entire Ratio Analysis is contained in the Audited AFS in Chapter 5

### **Power and Water Conservation**

The efforts the municipality is making to conserve power and water in its offices and other facilities to compliment the conservation measures its residents are being requested to adopt in their own housekeeping.

### **Municipal Change Management and Performance Improvement Strategy**

The Municipality considers the welfare of its employees as critical, hence ongoing engagements have been started during the year under review in the form of an Employee Satisfaction Survey, Conducting of Recognition of prior Learning and other planned interventions for the next financial period. The Municipality is committed in embracing open and constructive dialogue with the Labor forums and to ensure functionality and effectiveness of such as the LLF, towards having a conducive working environment.

Change, Management, Inclusive Engagement, Strengthening Performance, Strengthening Project Management Capabilities, Rapid Response and Strong Customer care as an engine to the Public Participation Issues, Institutionalised and Quick Turnaround Times on Service Delivery matters, Testing the satisfaction levels of the people on our services (Customer Satisfaction Survey).

### **Transition to Local Government Elections**

- A stable Municipality – Administrative Governance reinforcement
- Political Oversight – Sustain and defend the gains of the past four years to finish strong
- Intense and Inclusive Governance led by People as the catalysis of their development
- A very strong Community Awareness and Educations drive to ensure that we move forward with the people in unison
- Monthly Service Delivery Quality Assurance and Complaints Handling Sessions

**Summary/ Highlights of Institutional Performance:**

**Overall Institution Performance**

Planned KPIs	Achieved KPIs	Average Ranking	Effective Ranking	Ranking Description	Average Ranking Percentage
40	34	2.9	2	performance not fully effective	96.67

**Performance Breakdown Per Directorate**

Department	Planned KPIs	Achieved KPIs	Ranking Description	Average Ranking Percentage
Budget and Treasury	8	7	performance not fully effective	95.83
Community Services	8	7	performance fully effective	100
Technical Services	7	4	performance not fully effective	76.19
IPED	2	2	performance fully effective	100
Corporate Services	7	6	performance fully effective	109.52
Office of the Municipal Manager	8	8	performance fully effective	100

In conclusion, as the accounting officer, my priority is to ensure that all plans put in place are implemented and the Inxuba Yethemba Municipality grows into a formidable force in Local Government. We shall continue to gear up for effective, efficient and economical administration

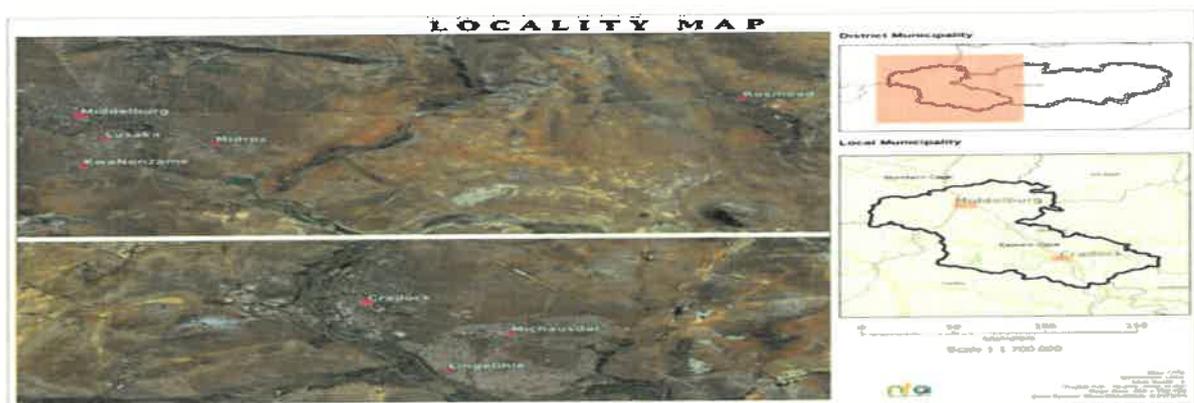
Signed by: \_\_\_\_\_  
**MR M.W Mbebe**  
**Municipal Manager**

## 1.3 MUNICIPAL OVERVIEW

### 1.3.1 The Municipality at a Glance

Inxuba Yethemba Municipality is a Category B Municipality and is situated in the Northern part of the Eastern Cape. The Inxuba Yethemba Municipality (IYM) is made up of two major towns Cradock and Middleburg and is one of the 6 local municipalities situated within Chris Hani District Municipality. In addition, Inxuba Yethemba Municipality is made up of a range of settlements, from urban to municipal service centres, agricultural landscapes, industrial, semi-rural residential settlements and areas that are predominantly rural.

The map below displays the Chris Hani District jurisdiction as well as the Inxuba Yethemba Municipality local coverage...



#### 1.3.1.1 Municipal Vision

A Municipality working together with its citizens to ensure provision of sustainable, equitable and quality services to all.

#### 1.3.1.2 Mission Statement

Inxuba Yethemba Municipality commits itself to good governance, efficient delivery of services, development and retention of its human capital and thus growing the economy of Inxuba Yethemba through:

- Rendering affordable, sustainable services to our communities in a professional manner.
- Utilising all resources transparently.

#### 1.3.1.3 Core Values

- **Commitment:** Strive to provide quality services that is customer orientated.
- **Professionalism:** Maintaining a high level of professionalism to our staff and community and enforcing accountability to all.
- **Integrity:** Maintaining a high ethical and honest conduct at all times.
- **Respect:** Respect for self and others and serving the public with humility.

### **1.3.2 Municipal Powers and Functions**

The Constitution of the Republic of South Africa Act 108 of 1996, Schedule 4, Part B, read together with Section 152 thereof, and containing the objects of local government vests the powers and functions in a local municipality.

Municipal transformation and institutional development relate to a fundamental and significant change pertaining to the way that municipalities perform their functions, allocation of resources and institutional strategies which are implemented to ensure optimum results in service delivery to the communities.

It is envisaged that transformation and institutional development shall be seen to take place when the following is addressed as part of the Municipality's strategic planning and direction.

The Municipality has the functions and powers assigned to it in terms of Sections 156 and 229 of the Constitution (Act 108 of 1996). Chapter 5 of the Local Government Municipal Structures Act, Act 117 of 1998 clearly defines these functions and powers vested in a local community;

In terms of the Municipal Structures Act No. 117 of 1998, the Municipality has the following powers and functions through which the performance of the municipality can be assessed in terms of the impact it has to its constituencies and service delivery;

- To provide democratic and accountable government for local communities;
- To ensure provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

**Table 1: Inxuba Yethemba Municipality's Functions in Relation to those of the District Municipality**

<b>SCHEDULE 4 : PART B</b>	<b>STATUS</b>	<b>SCHEDULE 5 : PART B</b>	<b>STATUS</b>
Air Pollution	N/A	Beaches & Amusement Facilities	N/A
Building Regulations	√	Billboards & display of Advertisements in public places	√
Child Care Facilities	N/A	Cemeteries, Funeral Parlours and Crematoria	√
Electricity & Gas Reticulation	√	Cleansing	√
Fire-fighting Services	√	Control of Public Nuisances	√
Local Tourism	√	Control of undertakings that sell liquor to the public	√
Municipal Airports	N/A	Facilities for the accommodation, care and burial of animals	<b>SPCA</b>
Municipal Planning	√	Fencing and Fences	√
Municipal Health Services (PHC has been provincialized)		Licensing of dogs	
Municipal Public Transport	√	Licensing and control of undertakings that sell food to the public	√
Municipal Public Works	√	Local Amenities	√
Pontoons, ferries, jetties, piers and harbours	N/A	Local Sport Facilities	√
Storm water Management systems in built-up areas	√	Markets	√
Trading Regulations	√	Municipal Abattoirs	√
Water & Sanitation Services (potable water, domestic wastewater & sewage : WSA and WSP)	CHDM	Municipal Parks & Recreation	√

### 1.3.3 Profile of the Municipality

The Inxuba Yethemba Local Municipality is a Category B municipality (Area: 11 663km<sup>2</sup>) located in the Chris Hani District in the Eastern Cape. It is approximately 240km north of Nelson Mandela Metropolitan Municipality and is one of six municipalities in the district, making up a third of its geographical area. Cradock consists of the suburb of Cradock, and the Lingelihle and Michausdal communities, whilst Middelburg has the suburb of Middelburg, with the Kwanonzame Lusaka and Midros communities.

The two urban centres of Cradock and Middelburg are fairly similar, with well-developed CBDs and fair infrastructure. However, a lot of work still needs to be done in the former previously disadvantaged communities.

The rural areas of both towns are mostly commercial farms, with small settlements in the rural areas of Fish River Mortimer and Rosmead.

The N10 National Road, which is the vital economic link between Port Elizabeth and the north, runs through Cradock and skirts Middelburg. The main Cities or Towns in Inxuba Yethemba Local Municipality are Cradock, Middelburg, and Mount Zebra National Park.

### 1.3.4 Economic Profile of the Municipality

The Municipality's economic drivers include the following:-

No	Sector
1	Tourism
2	Industries
3	Trade
4	Transport
5	Agriculture
6	Game Farming
7	Manufacturing.

### **1.3.5 The Municipal Strategic Direction**

Integrated development planning and its guidelines.

#### **IDP Definition and Context**

Integrated planning has been developed as a consolidated municipal wide planning process that provides a framework for planning of future development in a municipality. It ensures horizontal and vertical co-ordination and integration across the national, provincial and local spheres of government.

In addition, the IDP requires community participation and stakeholder involvement. The integrated development planning process is therefore critical for the success of every South African municipality's endeavours to bring about responsive, developmental and accountable local government.

Inxuba Yethemba Local Municipality is in the process of developing a new five-year IDP for the current term starting from 2022-2027 in accordance with section 34 of the Local Government Municipal Systems Act 32 of 2000.

The Municipality has developed a set of long-term goals and five-year objectives (to be reviewed annually) that will form the basis of the annual business planning and budgeting carried out on an ongoing basis. The IDP will also further be shaped by inputs from communities and civil society, as well as direction from the political leadership.

A five-year IDP supports a single, integrated planning process, with clear demarcation between long-term, medium term and short-term planning. The five-year IDP should therefore be understood as an interpretation of strategy and political priorities into a detailed Executive Mayoral Plan that is to become the business plan, in this context, it is seen as an implementation tool. The aim of the new 5-year IDP for Inxuba Yethemba is to present a coherent plan to improve the quality of life for people living in the area. The intention of this IDP is to link, integrate and co-ordinate development plans for the municipality which is aligned with national, provincial and district development plans and planning requirements binding on the municipality in terms of legislation

#### **Inxuba Yethemba LM's Political Priorities**

The Council of Inxuba Yethemba Local Municipality collectively endorsed the following Political Priorities at its inception and these have underpinned its Service Delivery Mandate as per the five-year IDP (2022 -2027).

- 1) Provision of water and sanitation, sewerage, and roads.
- 2) Provision of electricity.
- 3) Provision of land and housing.
- 4) Choose the best people to run municipalities.
- 5) Food security.
- 6) Fight corruption and end wastage.
- 7) Make municipalities financially viable.
- 8) Jobs, education, training, and opportunities for young people.
- 9) Fight against gender-based violence and safer communities.
- 10) A non-sexist society and commitment to gender equality.

## **National Development Plan**

The South African Government through the Presidency has published a National Development Plan. The Plan aims to eliminate poverty and reduce inequality by 2030. The Plan has the target of developing people's capabilities to be to improve their lives through education and skills development, health care, better access to public transport, jobs, social protection, rising income, housing and basic services, and safety.

It proposes to the following strategies to address the above goals:-

- a) Creating jobs and improving livelihoods.
- b) Expanding infrastructure.
- c) Transition to a low carbon economy.
- d) Transforming urban and rural spaces.
- e) Improving education and training.
- f) Providing quality health care.
- g) Fighting corruption and enhancing accountability.
- h) Transforming society and uniting the nation.

The National Development Plan 2030 has been adopted by the National Cabinet in August 2012 and this place an injunction on the state and its agencies (including municipalities) to implement the Plan.

The Plan makes the following policy pronouncements and proposes performance targets that intersect with developmental mandates assigned to local government. Importantly, municipalities are expected to respond to these developmental imperatives when reviewing their Integrated Development Plan and developing the corresponding three-year Medium-Term Revenue and Expenditure Frameworks:-

- a) Youthful population presents opportunities to boost economic growth, employment and reduce poverty.
- b) Strengthen youth service programmes – community-based programmes to offer young people life skills training, entrepreneurial training;
- c) Increase employment from 13 million in 2010 to 24 million in 2030.
- d) Ensure that skilled, technical, professional, and managerial posts better reflect the country's racial, gender and disability makeup.
- e) Establish effective, safe and affordable public transport.
- f) Produce sufficient energy to support industry at competitive prices.
- g) Ensure that all South African have access to clean running water in their homes.
- h) Make high - speed broadband internet universally accessible at competitive prices.

## **National Government's Outcomes Based Approach to Service Delivery**

National Government has agreed on 12 outcomes as a key focus of work between now and 2014. These outcomes have been expanded into high-level outputs and activities, which in turn formed the basis of a series of performance agreements between the President and relevant Ministers.

Whilst all of the outcomes can to some extent be supported through the work of local government, Outcome 9 (A responsive, accountable, effective and efficient local government system) and its 7 outputs are specifically directed at local government: -

<b>Table 2: Outcome 9 Outputs</b>	
Output 1	Implement a differentiated approach to municipal financing, planning and support
Output 2	Improving access to basic services
Output 3	Implementation of the Community Work Programme
Output 4	Actions supportive of the human settlement outcome
Output 5	Deepen democracy through a refined Ward Committee model
Output 6	Administrative and financial capability
Output 7	Single window of co-ordination

### **The New Growth Path**

This National Policy Framework deals specifically with issues such as creating decent work, reducing inequality, and defeating poverty through “a restructuring of the South African economy to improve its performance in terms of labour absorption as well as the composition and rate of growth”.

Important and of practical consequence to local government, are the specific job drivers that have been identified: -

- Substantial public investment in infrastructure both to create employment directly, in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy.
- Targeting more labour-absorbing activities across the main economic sectors –the agricultural and mining value chains, manufacturing, and services.
- Taking advantage of new opportunities in the knowledge and green economies.
- Leveraging social capital in the social economy and the public services; and
- Fostering rural development and regional integration.

### **Eastern Cape Vision 2030**

In 2014, the Executive Council of the Eastern Cape Provincial Government appointed the Eastern Cape Planning Commission (ECPC) to facilitate a participatory exercise of defining what the NDP should mean for the province. This definition has been used to inform the Eastern Cape’s Provincial Development Plan (PDP). The plan aims to provide creative responses to the province’s challenges.

There are five related goals that inform the PDP. Each goal aims to encourage rural development to address the spatial and structural imbalances in the Eastern Cape. Each goal has a vision, key objectives and strategic actions. Further detail is provided in Part 2 of this plan.

The five goals are interrelated and cross-enable each other. For example, good health (goal 3) is important for effective learning (goal 2) and productive economic activity (goal 1).

Achieving the first three goals will inevitably create more vibrant communities (goal 4). The fifth goal, capable and accountable institutions, enables the first four goals.

a) Goal 1: A growing, inclusive and equitable economy.

The PDP aims to develop a growing, inclusive, and equitable economy. This includes a larger and more efficient provincial economy that optimally exploits the competitive advantages of the Eastern Cape, increased employment and reduced inequalities of income and wealth.

b) Goal 2: An educated, empowered, and innovative citizenry.

The PDP seeks to ensure that people define their identity, sustain their livelihoods, live healthy lives and raise healthy families, develop a just society and economy, and play an effective role in the development of their communities, as well as the politics and governance of the state at all levels.

c) Goal 3: A Healthy population.

The PDP seeks to ensure that all citizens of the Eastern Cape live longer and healthy lives. This will mainly be achieved by providing quality healthcare to people in need. The health system must value patients, care for communities, provide reliable service and value partnerships. In addition, the system should rest on a good primary healthcare platform and be integrated across primary, secondary and tertiary levels of healthcare.

d) Goal 4: Vibrant, equitable and enabled families.

The PDP seeks to ensure that by 2030, the Eastern Cape is characterised by vibrant communities in which people can responsibly exercise their growing freedoms. The plan aims to address spatial disparities across the province and seeks to guide the development and use of instruments to achieve this. These instruments include legislation and policy, spatial targeting of infrastructure and other investments, and planning itself. Where and how people live and work is the most visible manifestation of spatial equity.

e) Goal 5: Capable, conscientious and accountable institutions

The PDP seeks to build capable, conscientious and accountable institutions that engender and sustain development partnerships across the public, civic and private sectors. It aims to construct and mobilise multi-agency partnerships for development, encouraging the emergence of a strong, capable, independent and responsible civil society committed to the province's development. The province will build the necessary capabilities to anchor these multi-agency partnerships and empower people to meaningfully participate in their own development.

### **National Spatial Development Perspective.**

It provides for focusing of development on areas of potential as a catalyst towards improvement of lives of communities. Areas of potential or nodal points should be prioritized for infrastructure investment. The development of the municipal SDF took into consideration proposals of the NSDP.

### **The District Development Model.**

The DDM is an all-of-government approach to improve integrated planning and delivery across the three spheres of government with district and metropolitan spaces as focal points of government and private sector investment. The DDM is aimed at facilitating integrated planning, delivery and monitoring of Government's development programmes through the concept of a joint "One Plan" in relation to 52 development spaces / impact zones through the establishment of national technical capacity as well as district hubs that will drive implementation of the programme.

#### **1.3.6 Organizational Strategic Review And Milestones**

During 2021/22 the Municipality inducted a new Council which endorsed a new 5-year Strategic Plan (IDP) finding its base on cooperative governance in implementing the five (5) key pillars, namely, putting people first; delivering basic services; good governance; sound financial management and building capacity.

The 5-Year Council Strategic Plan committed to the new approach in accepting the key role to facilitate cooperative governance, providing clear paradigm shift and indicators towards implementing the new approach in delivery of services as a Council mandate. Further, it gave detail of the Municipal Strategic Interventions and specific actions with five year targets for Strategic Objectives and Goals.

The institution seeks to evaluate the extent to which it has succeeded in achieving each of the strategic goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

To give effect to this requirement, the Municipality proactively would like to get early warning signals which will test whether the current programmes and projects will indeed to date have assisted the Council to achieve its strategic objectives and goals as set on the five-year strategic agenda. In addition to the evaluation to be conducted, a comprehensive assessment should be undertaken which at the end should be able to assist the Municipality to arrive at an informed possible development of a Turnaround Strategy. The eventual turn-around strategy should be able to inform the development of the revised approach for the remaining years of the Council Term.

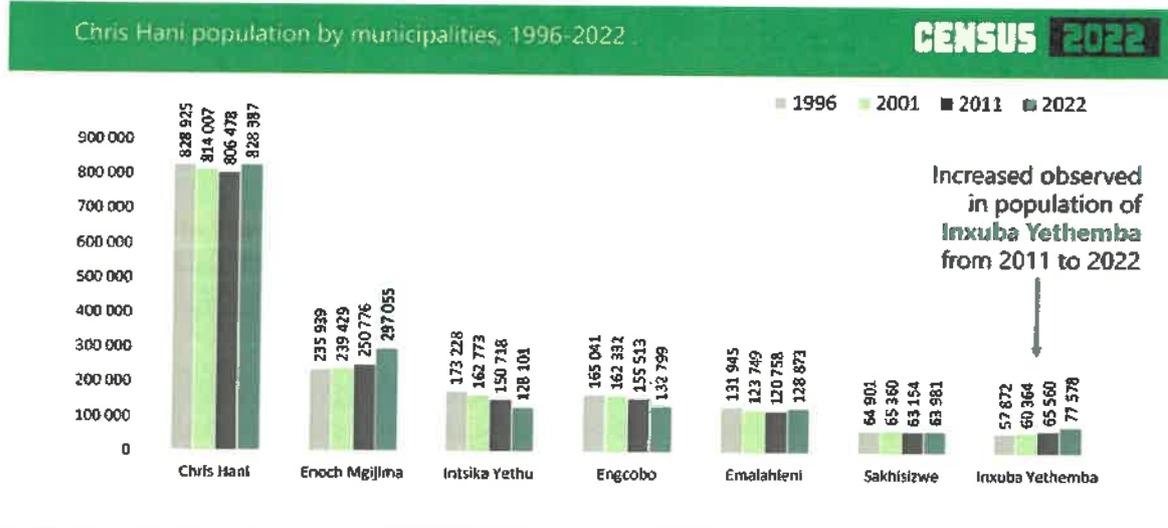
This evaluation therefore seeks to provide an early End of the Term or Post Midterm assessment of progress against agreed goals, objectives and targets set by Council, but at the same time to provide an opportunity to "take stock" and consider whether the current approach is what is required. The aim is therefore to check on progress, but in doing so, also to ask the question as to whether the Municipality has been doing the right things and doing them right, and if not what options are available within the remaining two years of the 5-year Council term to adjust direction and pave the way to success in the future.

The next Municipal Strategic Planning Process, as it would lean strongly to this Annual Report, will be characterised by a shift with our baseline as the Municipality departing from the progress made by the Council on key Council decision taken in the previous Strategic Planning.

## 1.4 POPULATION AND DEMOGRAPHIC PROFILE

### 1.4.1 Key Demographic Profile

Figure 1: Total Population



IMPROVING LIVES THROUGH DATA ECOSYSTEMS



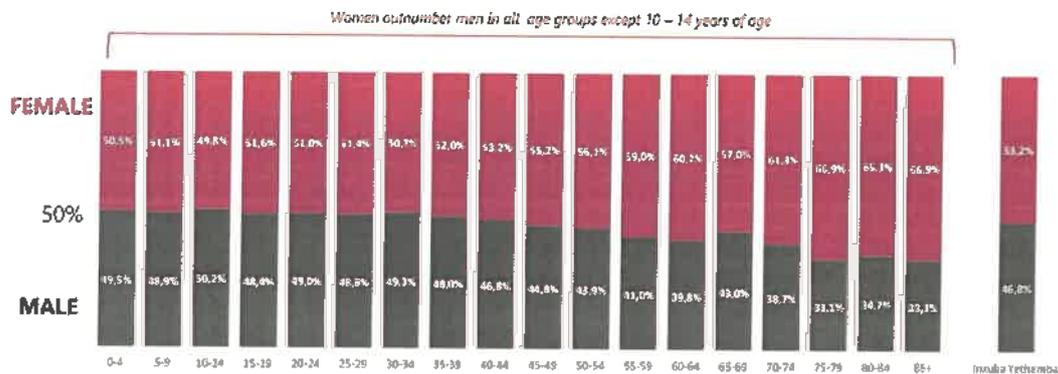
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### Inxuba Yethemba Population in 5-year age groups and sex, Census 2022

**CENSUS 2022**

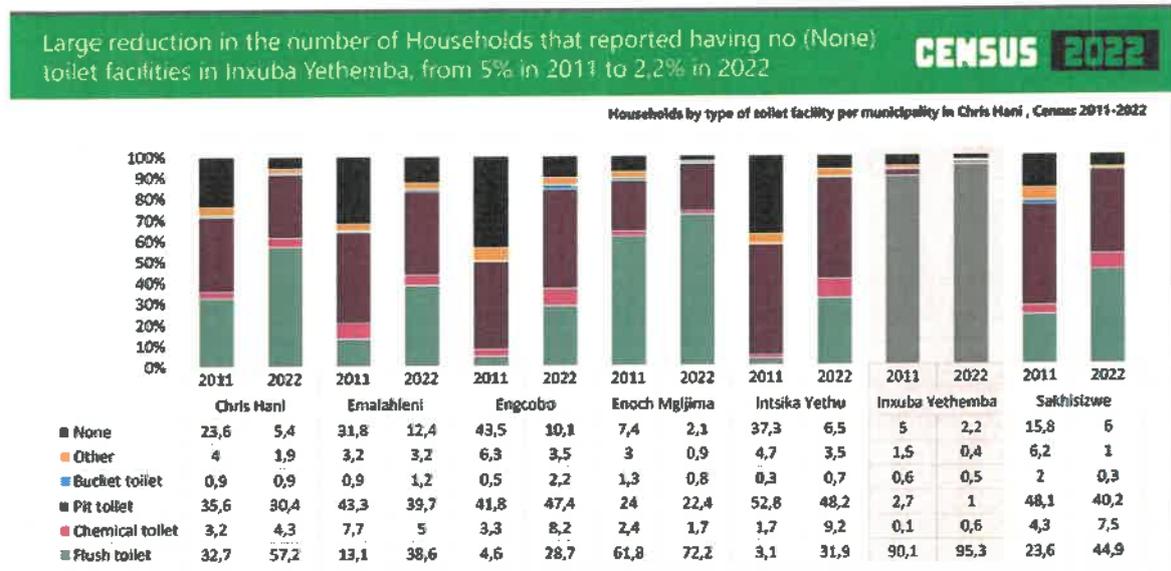
Population by 5-year age groups and sex in the Inxuba Yethemba, Census 2022



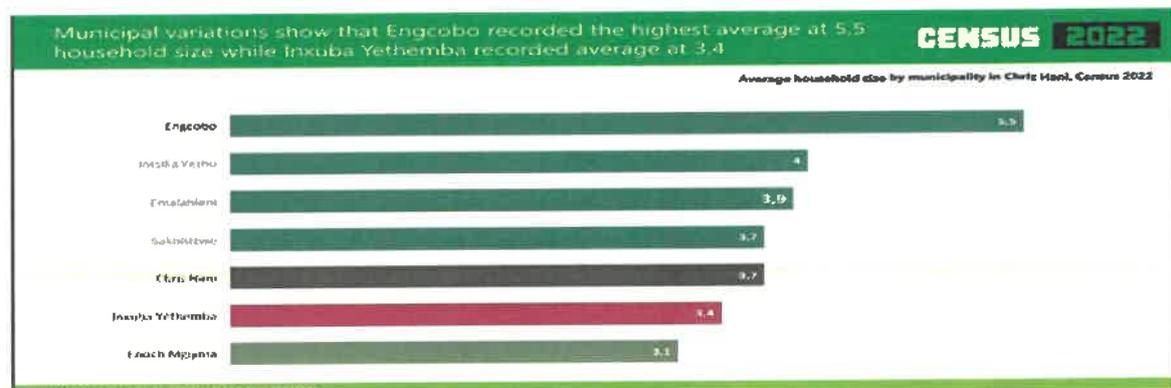
IMPROVING LIVES THROUGH DATA ECOSYSTEMS



**Figure 2: Access to Services**



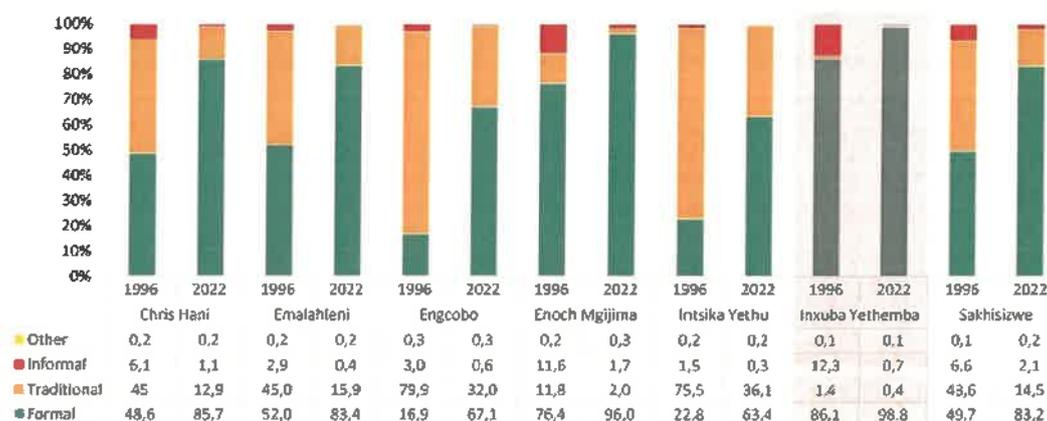
**Figure 2: Access to Housing**



In Inxuba Yethemba, the percentage of households that resided in formal dwellings increased sharply from 86,1% in 1996 to 98.8% in 2022.

**CENSUS 2022**

Households by type of main dwelling occupied, Chris Hani Census 1996-2022



**Table 1: HIV+ and AIDS estimates (From 2016)**

	Inxuba Yethemba	Chris Hani	Eastern Cape	National Total	Inxuba Yethemba as % of district municipality	Inxuba Yethemba as % of province	Inxuba Yethemba as % of national
2016	7,450	109,000	874,000	7,250,000	6.8%	0.85%	0.10%
2017	7,620	111,000	890,000	7,420,000	6.8%	0.86%	0.10%
2018	7,780	114,000	906,000	7,600,000	6.8%	0.86%	0.10%
2019	7,960	116,000	922,000	7,780,000	6.8%	0.86%	0.10%
2020	8,130	119,000	939,000	7,970,000	6.8%	0.87%	0.10%
2021 Estimated	0,00	0,00	0,00	0,00	6.8%	0.87%	0.10%
2022 Estimated	0,00	0,00	0,00	0,00	6.8%	0.87%	0.10%
2023 Estimated	0,00	0,00	0,00	0,00	6.8%	0.87%	0.10%
2024 Estimated	8 847,00	130 102,94	1 016 896,55	8 847 000,00	6.8%	0.87%	0.10%

**Note**

Presenting the number of HIV+ people against the number of people living with AIDS, the people with AIDS added up to 217 in 2010 and 100 for 2020. This number denotes a decrease from 2010 to 2020 with a high average annual rate of -7.42% (or -117 people). For the year 2020, they represented 0.14% of the total population of the entire local municipality.

## 1.4.2 Economic Growth

The economic state of Inxuba Yethemba Local Municipality is put in perspective by comparing it on a spatial level with its neighbouring locals, Chris Hani District Municipality, Eastern Cape Province and South Africa.

The Inxuba Yethemba Local Municipality does not function in isolation from Chris Hani, Eastern Cape Province, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning. 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.

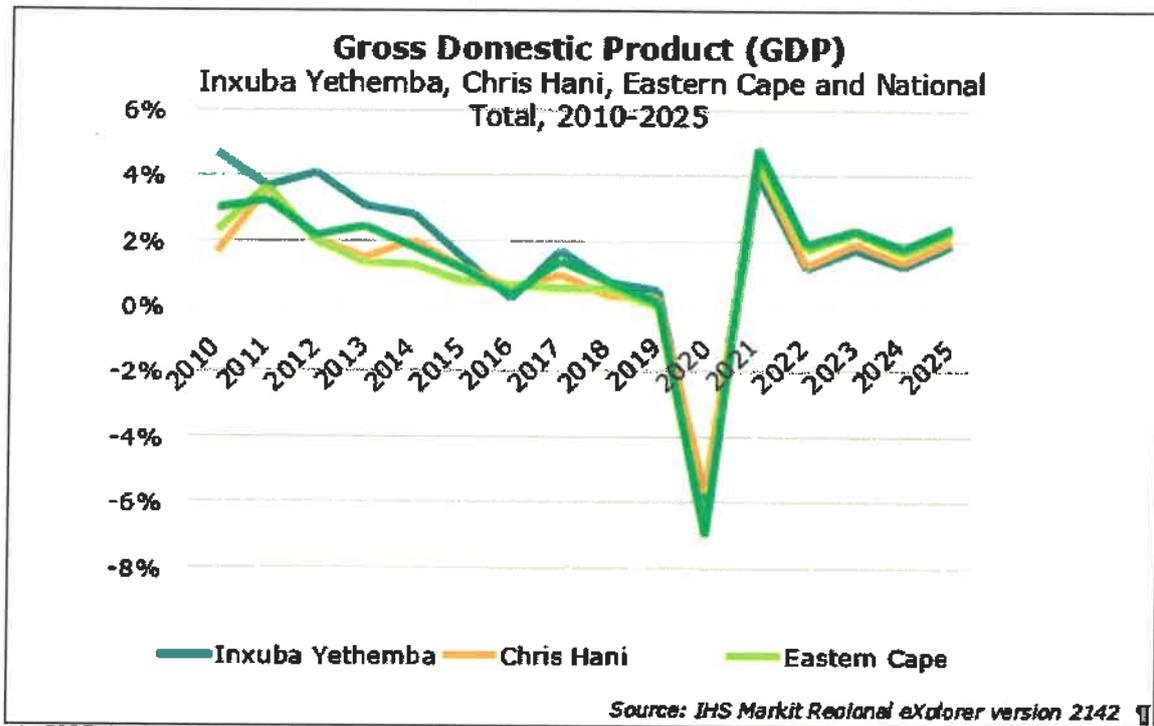
Gross Domestic Product by Region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies.

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.

**Table 2: Gross Domestic Product (GDP) - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2010-2020 [R billions, Current prices.**

	Inxuba Yethemba	Chris Hani	Eastern Cape	National Total	Inxuba Yethemba as % of district municipality	Inxuba Yethemba as % of province	Inxuba Yethemba as % of national
2016	5.0	27.1	334.4	4,359.1	18.4%	1.49%	0.11%
2017	5.4	29.0	358.6	4,653.6	18.4%	1.49%	0.12%
2018	5.6	30.4	375.5	4,873.9	18.4%	1.49%	0.11%
2019	5.8	31.3	387.4	5,077.6	18.4%	1.49%	0.11%
2020	5.6	30.7	378.1	4,973.0	18.4%	1.49%	0.11%
2021 estimated	5.8	31,52	386,67	5 272,73	18.4%	1.50%	0.11%
2022 estimated	6.2	33,70	413,33	5 272,73	18.4%	1.50%	0.11%
2023 estimated	6.8	36,96	450,33	5 272,73	18.4%	1.51%	0.11%
2024 estimated	7.5	40,54	493,42	5 272,73	18.5%	1.52%	0.11%

**Gross Domestic Product (GDP) - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2010-2025 [Average annual growth rate, constant 2010 prices]**



In 2025, Inxuba Yethemba's forecasted GDP will be an estimated R 3.69 billion (constant 2010 prices) or 18.5% of the total GDP of Chris Hani District Municipality. The ranking in terms of size of the Inxuba Yethemba Local Municipality will remain the same between 2020 and 2025, with a contribution to the Chris Hani District Municipality GDP of 18.5% in 2025 compared to the 18.7% in 2020. At a 2.05% average annual GDP growth rate between 2020 and 2025, Inxuba Yethemba ranked the fifth compared to the other regional economies.

**Table 3: Gross Domestic Product (GDP) - Regions within Chris Hani District Municipality, 2010 to 2025, share and growth**

	2025 (Current prices)	Share of district municipality	of 2010 (Constant prices)	2025 (Constant prices)	Average Annual growth
Inxuba Yethemba	7.82	18.30%	2.95	3.69	1.50%
Intsika Yethu	4.61	10.80%	1.68	2.11	1.54%
Emalahleni	2.88	6.73%	1.17	1.31	0.76%
Engcobo	3.90	9.13%	1.58	1.83	0.99%
Sakhisizwe	2.80	6.54%	1.05	1.29	1.41%
Enoch Mgijima	20.73	48.51%	8.26	9.70	1.08%

The Primary sector is expected to grow at an average annual rate of 0.53% between 2020 and 2025, with the Secondary sector growing at 2.10% on average annually. The Tertiary sector is expected to grow at an average annual rate of 2.12% for the same period.

**Table 4: Total employment - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2010-2025 [numbers and Estimates]**

	Inxuba Yethemba	Chris Hani	Eastern Cape	National Total
2010	18900	114000	1260000	13500000
2011	18900	115000	1260000	13700000
2012	19300	116000	1270000	14000000
2013	20000	120000	1310000	14500000
2014	21300	129000	1370000	15100000
2015	22400	137000	1430000	15600000
2016	23100	141000	1470000	15900000
2017	23200	142000	1480000	16100000
2018	23100	140000	1470000	16300000
2019	22800	138000	1460000	16300000
2020	21400	127000	1380000	15600000
2021 Estimated	21100	125220	1360654	15381308
2022 Estimated	21000	124626	1354206	15308411
2023 Estimated	21000	124626	1354206	15308411
2024 Estimated	21200	125813	1367103	15454206
2025 Estimated	21600	128187	1392897	15745794

### 1.4.3 Unemployment

The unemployed includes all persons between 15 and 65 who are currently not working, but who are actively looking for work. It therefore excludes people who are not actively seeking work (referred to as discouraged work seekers).

**Table 5: Unemployment (official definition) - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2010-2020 [Number percentage]**

	Inxuba Yethemba	Chris Hani	Eastern Cape	National Total	Inxuba Yethemba as % of district municipality	Inxuba Yethemba as % of province	Inxuba Yethemba as % of national
2010	4490	51600	492000	4490000	8.7%	0.91%	0.10%
2011	4240	49800	499000	4590000	8.5%	0.85%	0.09%
2012	4350	52200	521000	4710000	8.3%	0.83%	0.09%
2013	4600	56100	553000	4870000	8.2%	0.83%	0.09%
2014	4730	59100	579000	5070000	8.0%	0.82%	0.09%
2015	4780	61100	597000	5320000	7.8%	0.80%	0.09%
2016	5240	68200	652000	5700000	7.7%	0.80%	0.09%
2017	6110	79600	736000	6020000	7.7%	0.83%	0.10%
2018	6740	88000	798000	6130000	7.7%	0.85%	0.11%
2019	7790	101000	895000	6480000	7.7%	0.87%	0.12%
2020	9010	114000	985000	6660000	7.9%	0.91%	0.14%
2021 Estimated	10230	129494	1076842	6393750	7.9%	0.95%	0.16%
2022 Estimated	11450	144937	1156566	6361111	7.9%	0.99%	0.18%
2023 Estimated	12670	160380	1230097	6335000	7.9%	1.03%	0.20%
2024 Estimated	13890	175823	1298131	6313636	7.9%	1.07%	0.22%
2025 Estimated	15110	191266	1361261	6295833	7.9%	1.11%	0.24%

Source: IHS Markit Regional eXplorer version 2142

#### 1.4.4 Income and Expenditure

##### Number of Households by Income category

The number of households is grouped according to predefined income categories or brackets, where income is calculated as the sum of all household gross disposable income: payments in kind, gifts, homemade goods sold, old age pensions, income from informal sector activities, subsistence income, etc.). Note that income tax is included in the income distribution.

Income categories start at R0 - R2,400 per annum and go up to R2,400,000+ per annum. A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own. These income brackets do not take into account inflation creep: over time, movement of households "up" the brackets is natural, even if they are not earning any more in real terms.

**Table 6: Households by income category - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2020 [Number Percentage]**

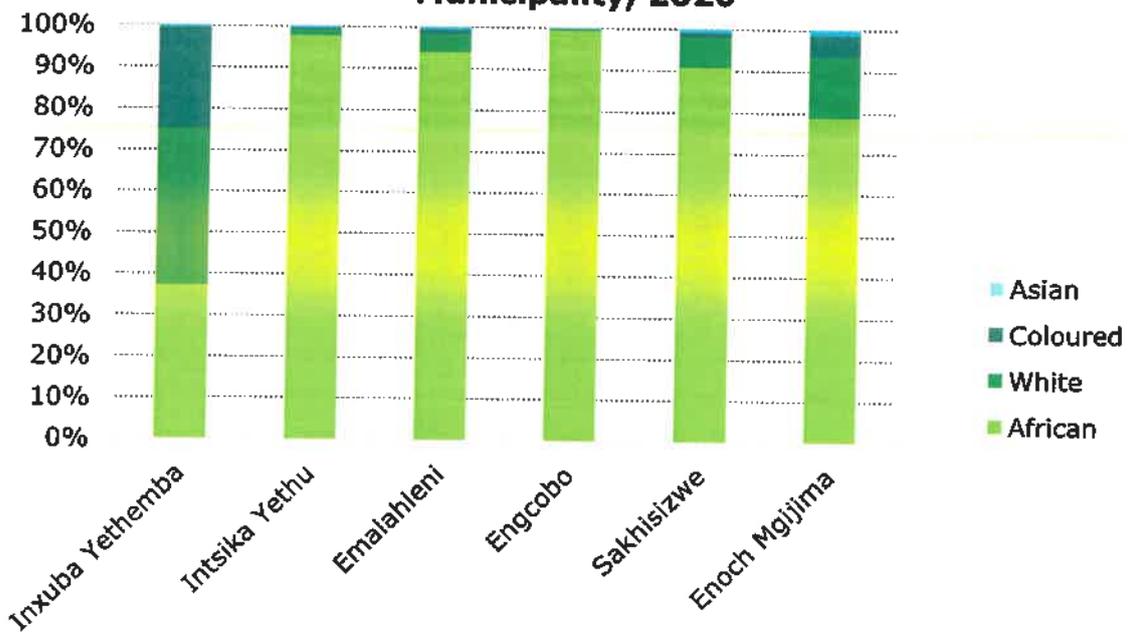
	Inxuba Yethemba	Chris Hani	Eastern Cape	National Total	Inxuba Yethemba as % of district municipality	Inxuba Yethemba as % of province	Inxuba Yethemba as % of national
0-2400	1	21	167	1,760	5.6%	0.69%	0.07%
2400-6000	30	435	3,620	34,900	7.0%	0.84%	0.09%
6000-12000	269	4,780	38,800	340,000	5.6%	0.69%	0.08%
12000-18000	584	10,000	79,600	663,000	5.8%	0.73%	0.09%
18000-30000	1,800	31,200	240,000	1,840,000	5.8%	0.75%	0.10%
30000-42000	2,120	35,000	254,000	1,860,000	6.1%	0.83%	0.11%
42000-54000	1,940	28,000	208,000	1,620,000	6.9%	0.93%	0.12%
54000-72000	2,190	28,100	212,000	1,750,000	7.8%	1.03%	0.13%
72000-96000	2,040	24,100	184,000	1,590,000	8.5%	1.11%	0.13%
96000-132000	2,040	19,800	160,000	1,480,000	10.3%	1.27%	0.14%
132000-192000	1,960	16,600	142,000	1,430,000	11.8%	1.38%	0.14%
192000-360000	2,480	17,600	165,000	1,840,000	14.1%	1.51%	0.13%

	Inxuba Yethemba	Chris Hani	Eastern Cape	National Total	Inxuba Yethemba as % of district municipality	Inxuba Yethemba as % of province	Inxuba Yethemba as % of national
360000-600000	1,520	8,560	91,900	1,170,000	17.8%	1.65%	0.13%
600000-1200000	1,270	5,650	70,800	974,000	22.5%	1.80%	0.13%
1200000-2400000	444	1,630	22,900	310,000	27.2%	1.94%	0.14%
2400000+	68	213	3,290	44,900	32.0%	2.07%	0.15%
<b>Total</b>	<b>20,800</b>	<b>232,000</b>	<b>1,880,000</b>	<b>17,000,000</b>	<b>9.0%</b>	<b>1.11%</b>	<b>0.12%</b>

Source: IHS Markit Regional eXplorer version 2142

**Households by Income bracket - Inxuba Yethemba Local Municipality, 2010-2020  
[Percentage]**

**Annual total personal income Chris Hani District Municipality, 2020**



### 1.4.5 Annual total Personal Income

Personal income is an even broader concept than labour remuneration. Personal income includes profits, income from property, net current transfers and net social benefits.

Annual total personal income is the sum of the total personal income for all households in a specific region. The definition of income is the same as used in the income brackets (Number of Households by Income Category), also including the income tax. For this variable, current prices are used, meaning that inflation has not been taken into account.

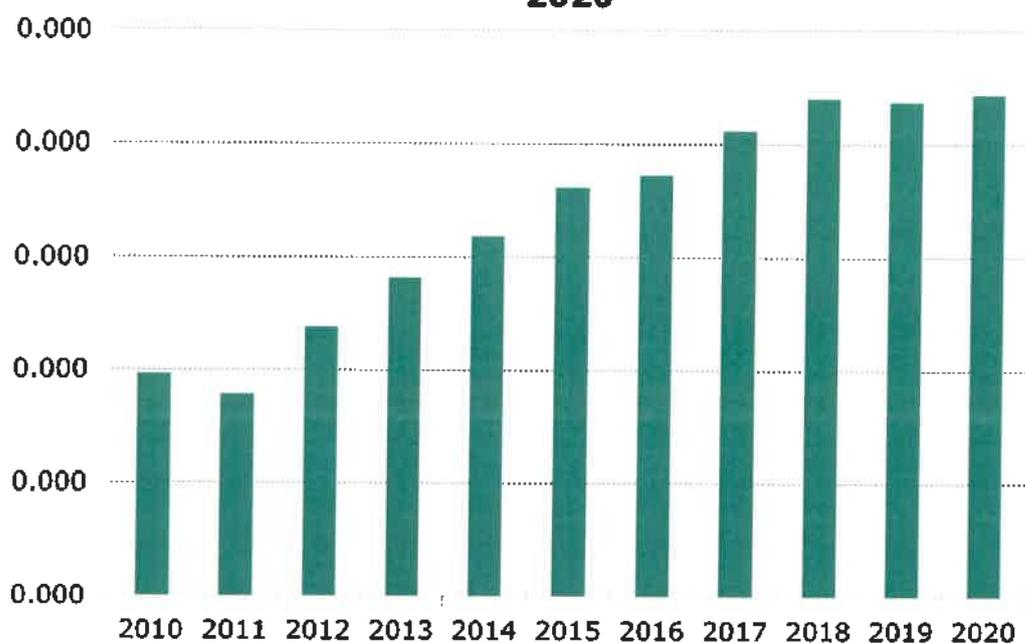
**Table 7: Annual total personal income - Inxuba Yethemba Total [Current Prices, R billions]**

	Inxuba Yethemba
2016	3.8
2017	4.2
2018	4.5
2019	4.8
2020	4.7
2021 Estimated	5.0
2022 Estimated	5.3
2023 Estimated	5.6
2024 Estimated	5.9
2025 Estimated	6.2

Per capita income is often used as a measure of wealth particularly when comparing economies or population groups. Rising per capita income usually indicates a likely swell in demand for consumption.

Per capita income - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2020 [Rand, current prices]

### Index of buying power Inxuba Yethemba, 2010-2020



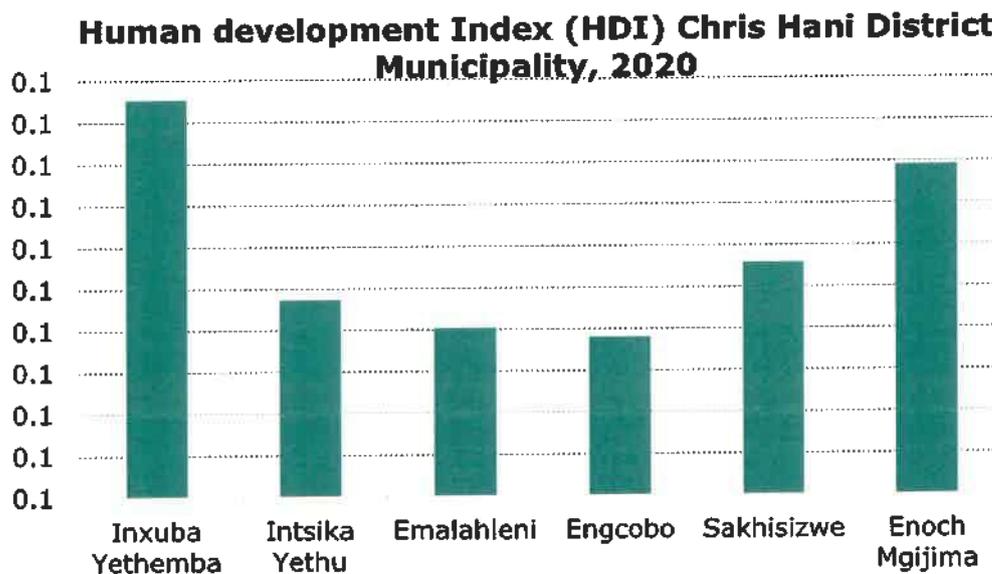
The per capita income in Inxuba Yethemba Local Municipality in 2020 is R 63,000 which is higher than both the Eastern Cape (R 41,000) and of the Chris Hani District Municipality (R 34,000) per capita income. The per capita income for Inxuba Yethemba Local Municipality (R 63,000) is higher than that of the South Africa as a whole which is R 58,700.

**Table 8: Per capita income by population group - Inxuba Yethemba and the rest of Chris Hani District Municipality, 2020 [Rand, current prices]**

	African	White	Coloured
Inxuba Yethemba	38,900	250,000	51,100
Intsika Yethu	26,800	N/A	N/A
Emalahleni	24,800	N/A	N/A
Engcobo	24,300	N/A	N/A
Sakhisizwe	28,300	N/A	N/A
Enoch Mgijima	34,000	231,000	53,100

Source: IHS Markit Regional eXplorer version 2142

**1.4.6 Human Development Index (HDI) - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2010, 2015, 2020 [Number]**

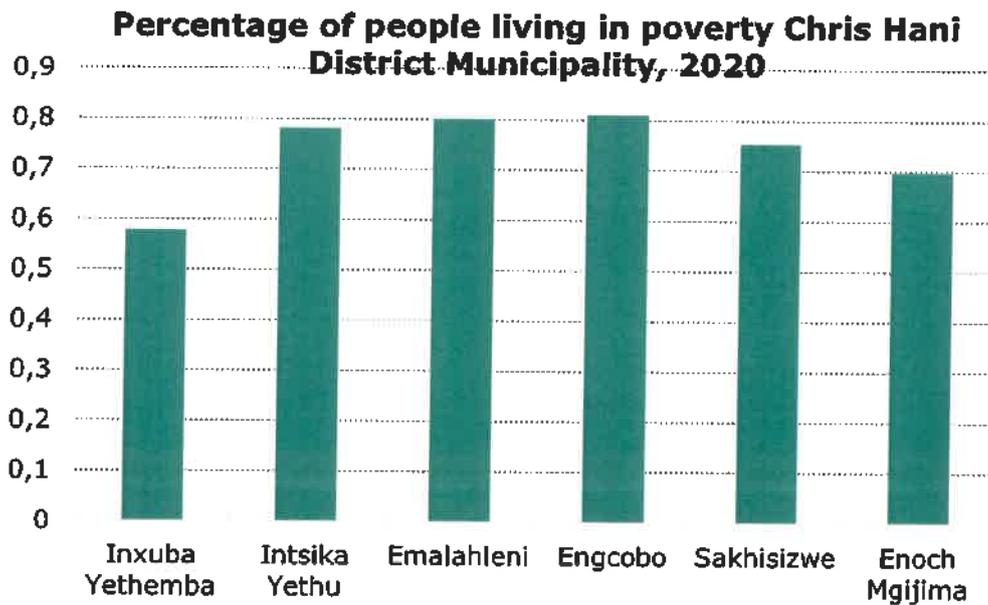


In 2020 Inxuba Yethemba Local Municipality had an HDI of 0.691 compared to the Chris Hani with a HDI of 0.623, 0.658 of Eastern Cape and 0.706 of National Total as a whole. Seeing that South Africa recorded a higher HDI in 2020 when compared to Inxuba Yethemba Local Municipality which translates to worse human development for Inxuba Yethemba Local Municipality compared to South Africa. South Africa's HDI increased at an average annual growth rate of 1.88% and this increase is lower than that of Inxuba Yethemba Local Municipality (2.35%).

**1.4.7 Poverty**

The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other. This variable measures the number of individuals living below that particular level of consumption for the given area and is balanced directly to the official upper poverty rate as measured by StatsSA.

Number and percentage of people living in poverty - Inxuba Yethemba Local Municipality, 2010-2020 [Number percentage]



In 2020, there were 43 000 people living in poverty, using the upper poverty line definition, across Inxuba Yethemba Local Municipality - this is 16.22% higher than the 37 000 in 2010. The percentage of people living in poverty has increased from 55.59% in 2010 to 57.88% in 2020, which indicates an increase of -2.29 percentage points.

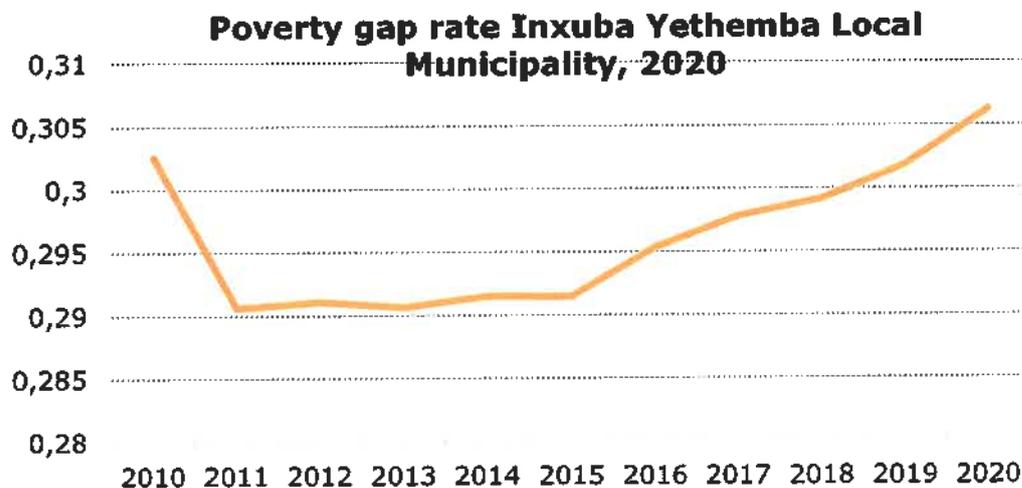
**Table 9: Percentage of people living in poverty by population group - Inxuba Yethemba, 2010-2020 [Percentage]**

	African	White	Coloured
2010	67.6%	1.2%	53.3%
2011	62.2%	0.6%	48.6%
2012	61.6%	0.6%	48.3%
2013	61.5%	0.6%	48.4%
2014	62.3%	0.6%	49.4%
2015	62.2%	0.8%	49.5%
2016	64.3%	1.2%	51.0%
2017	65.1%	1.6%	51.3%
2018	65.6%	1.8%	50.8%
2019	66.9%	2.1%	51.3%
2020	69.2%	2.7%	53.3%

Source: IHS Markit Regional eXplorer version 2142

In 2020, the population group with the highest percentage of people living in poverty was the Coloured population group with a total of 53.3% people living in poverty, using the upper poverty line definition. The proportion of the Coloured population group, living in poverty, decreased by -0.0816 percentage points, as can be seen by the change from 53.26% in 2010 to 53.34% in 2020. In 2020 69.21% of the African population group lived in poverty, as compared to the 67.62% in 2010.

Percentage of people living in poverty - Inxuba Yethemba and the rest of Chris Hani District Municipality, 2020 [percentage]



In terms of the percentage of people living in poverty for each of the regions within the Chris Hani District Municipality, Engcobo Local Municipality has the highest percentage of people living in poverty, with a total of 81.0%. The lowest percentage of people living in poverty can be observed in the Inxuba Yethemba Local Municipality with a total of 57.9% living in poverty, using the upper poverty line definition.

**Table 10: Population density - Inxuba Yethemba and the rest of Chris Hani, 2010-2020 [number of people per km]**

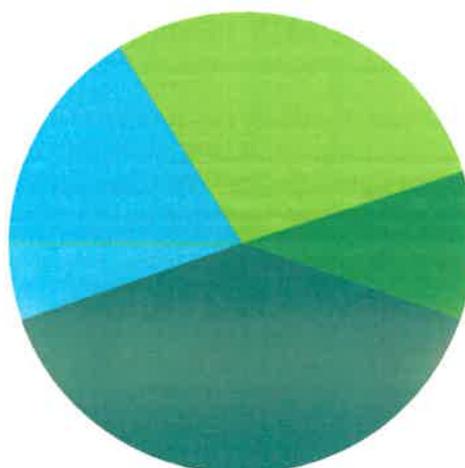
	Inxuba Yethemba	Intsika Yethu	Emalahleni	Engcobo	Sakhisizwe	Enoch Mgijima
2010	5.71	53.42	34.97	63.45	27.36	18.79
2011	5.77	53.36	35.14	63.51	27.42	18.99
2012	5.84	53.28	35.28	63.57	27.48	19.20
2013	5.91	53.31	35.46	63.74	27.60	19.41
2014	5.98	53.43	35.68	64.01	27.75	19.62
2015	6.04	53.63	35.94	64.36	27.93	19.85
2016	6.11	53.87	36.21	64.74	28.12	20.06
2017	6.18	54.18	36.51	65.19	28.33	20.29
2018	6.25	54.54	36.83	65.68	28.55	20.51

	Inxuba Yethemba	Intsika Yethu	Emalahleni	Engcobo	Sakhisizwe	Enoch Mgijima
2019	6.31	54.91	37.15	66.16	28.77	20.72
2020	6.37	55.28	37.47	66.62	28.98	20.93

In 2020, Inxuba Yethemba Local Municipality had a population density of 6.37 per square kilometre and it ranked highest amongst its peers. The region with the highest population density per square kilometre was the Engcobo with a total population density of 66.6 per square kilometre per annum. In terms of growth, Inxuba Yethemba Local Municipality had an average annual growth in its population density of 1.10% per square kilometre per annum. It was also the region that had the highest average annual growth rate. The region with the lowest average annual growth rate was the Intsika Yethu with an average annual growth rate of 0.34% people per square kilometre over the period under discussion.

Population Density - Inxuba Yethemba and the rest of Chris Hani District Municipality, 2020  
[Number of people per KM]

### Tourism - trips by Purpose of trip Inxuba Yethemba Local Municipality, 2020



In terms of the population density for each of the regions within the Chris Hani District Municipality, Engcobo Local Municipality had the highest density, with 66.6 people per square kilometre. The lowest population density can be observed in the Inxuba Yethemba Local Municipality with a total of 6.37 people per square kilometre.

#### 1.4.8 Tourism

Tourism can be defined as the non-commercial organisation plus operation of vacations and visits to a place of interest. Whether you visit a relative or friend, travel for business purposes, go on holiday or on medical and religious trips - these are all included in tourism.

### **Trips by purpose of trips.**

As defined by the United Nations World Tourism Organisation (UNWTO), a trip refers to travel, by a person, from the time they leave their usual residence until they return to that residence. This is usually referred to as a round trip. IHS likes to narrow this definition down to overnight trips only, and only those made by adult visitors (over 18 years). Also note that the number of "person" trips are measured, not household or "party trips".

The main purpose for an overnight trip is grouped into these categories:

- Leisure / Holiday
- Business
- Visits to friends and relatives
- Other (Medical, Religious, etc.)

**Table 11: Number of trips by purpose of trips - Inxuba Yethemba Local Municipality, 2010-2020 [Number Percentage]**

	Leisure Holiday	Business	Visits friends to and relatives	Other (Medical, Religious, etc.)	Total
2010	31,600	11,600	46,400	20,500	110,000
2011	29,600	11,500	42,200	19,700	103,000
2012	26,500	11,600	36,700	18,700	93,500
2013	24,300	11,100	30,000	19,700	85,100
2014	21,600	10,700	29,000	19,100	80,400
2015	19,900	10,400	26,600	18,300	75,200
2016	19,300	10,300	25,100	17,900	72,500
2017	18,500	9,740	24,300	17,000	69,600
2018	18,100	9,160	23,000	15,300	65,600
2019	17,400	8,080	21,300	13,000	59,800
2020	5,820	2,090	7,900	4,350	20,200

Source: IHS Markit Regional eXplorer version 2142

In Inxuba Yethemba Local Municipality, the Other (Medical, Religious, etc.), relative to the other tourism, recorded the highest average annual growth rate from 2010 (20 500) to 2020 (4 350) at -14.36%. Visits to friends and relatives recorded the highest number of visits in 2020 at 7 900, with an average annual growth rate of -16.22%. The tourism type that recorded the lowest growth was Visits to friends and relatives tourism with an average annual growth rate of -16.22% from 2010 (46 400) to 2020 (7 900).

### Origin of Tourists

In the following table, the number of tourists that visited Inxuba Yethemba Local Municipality from both domestic origins, as well as those coming from international places, are listed.

**Table 12: Total number of trips by origin tourists - Inxuba Yethemba Local Municipality, 2010-2020 [Number]**

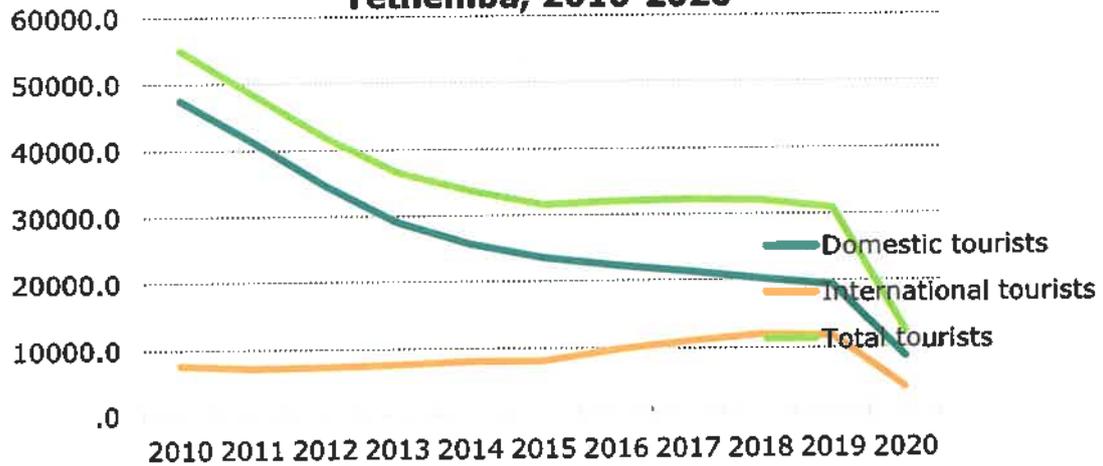
	Domestic tourists	International tourists	Total tourists
2010	103,000	7,200	110,000
2011	95,900	7,060	103,000
2012	86,000	7,420	93,500
2013	77,500	7,650	85,100
2014	72,600	7,760	80,400
2015	67,900	7,250	75,200
2016	64,300	8,260	72,500
2017	61,000	8,600	69,600
2018	56,500	9,040	65,600
2019	50,800	9,010	59,800
2020	17,100	3,050	20,200

Source: IHS Markit Regional eXplorer version 2142

The number of trips by tourists visiting Inxuba Yethemba Local Municipality from other regions in South Africa has decreased at an average annual rate of -16.42% from 2010 (103 000) to 2020 (17 100). The tourists visiting from other countries decreased at an average annual growth rate of -8.23% (from 7 200 in 2010 to 3 050). International tourists constitute 15.14% of the total number of trips, with domestic tourism representing the balance of 84.86%.

### Tourists by origin - Inxuba Yethemba Local Municipality, 2020 [Percentage]

### Growth in tourism (using bednights) Inxuba Yethemba, 2010-2020



### Tourism spending

Table 12: Total tourism spending - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2010-2020 [R billions, Current Prices]

	Inxuba Yethemba	Chris Hani	Eastern Cape	National Total
2010	0.2	0.9	12.7	167.2
2011	0.2	0.9	12.7	174.5
2012	0.3	1.1	15.2	199.4
2013	0.3	1.1	16.4	217.8
2014	0.4	1.3	18.0	240.5
2015	0.3	1.2	17.2	231.4
2016	0.4	1.4	20.0	267.2
2017	0.4	1.4	20.4	277.5
2018	0.4	1.4	19.4	273.2
2019	0.4	1.4	19.8	284.6
2020	0.1	0.4	5.8	84.9

Source: IHS Markit Regional eXplorer version 2142

Inxuba Yethemba Local Municipality had a total tourism spending of R 125 million in 2020 with an average annual growth rate of -5.9% since 2010 (R 230 million). Chris Hani District Municipality had a total tourism spending of R 374 million in 2020 and an average annual growth rate of -8.2% over the period.

Total spending in Eastern Cape Province decreased from R 12.7 billion in 2010 to R 5.75 billion in 2020 at an average annual rate of -7.6%. South Africa as whole had an average annual rate of -6.6% and decreased from R 167 billion in 2010 to R 84.9 billion in 2020.

### Tourism Spend per Resident Capita

Another interesting topic to look at is tourism spending per resident capita. To calculate this, the total amount of tourism spending in the region is divided by the number of residents living within that region. This gives a relative indication of how important tourism is for a particular area.

Table 13: Tourism spend per resident capita - Inxuba Yethemba Local Municipality and the rest of Chris Hani, 2010, 2015 and 2020 [R Thousands]

	2010	2015	2020
Inxuba Yethemba	R 3,462	R 4,670	R 1,685
Intsika Yethu	R 480	R 633	R 202
Emalahleni	R 440	R 437	R 129
Engcobo	R 663	R 810	R 204
Sakhisizwe	R 730	R 938	R 287
Enoch Mgijima	R 1,464	R 1,807	R 515

Source: IHS Markit Regional eXplorer version 2142

In 2020, Inxuba Yethemba Local Municipality had a tourism spend per capita of R 1,680 and an average annual growth rate of -6.95%, Inxuba Yethemba Local Municipality ranked highest amongst all the regions within Chris Hani in terms of tourism spend per capita.

The local municipality that ranked lowest in terms of tourism spend per capita is Emalahleni with a total of R 129 which reflects an decrease at an average annual rate of -11.55% from 2010.

### Tourism Spend as a Share of GDP

This measure presents tourism spending as a percentage of the GDP of a region. It provides a gauge of how important tourism is to the local economy.

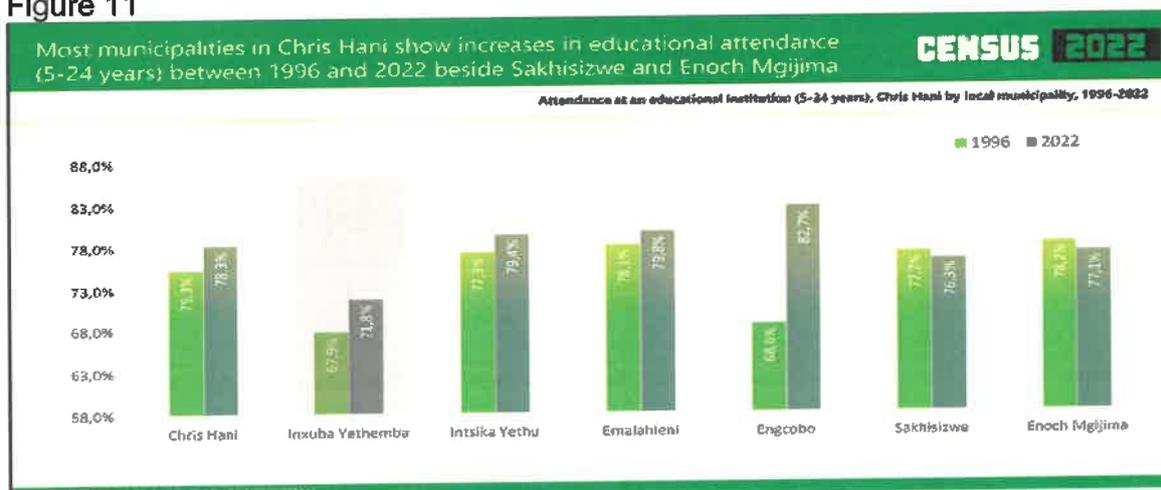
An important note about this variable is that it does not reflect what is spent in the tourism industry of that region, but only what is spent by tourists visiting that region as their main destination.

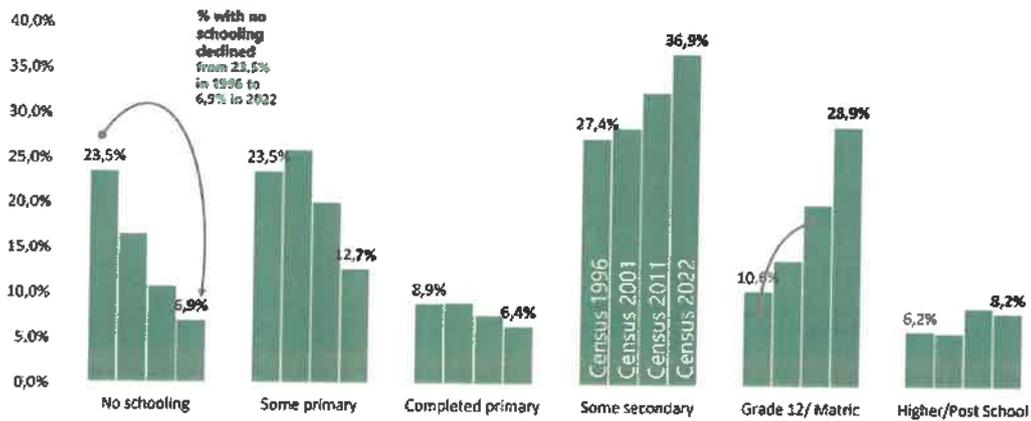
Table 14: Total spending as % share of GDP - Inxuba Yethemba, Chris Hani, Eastern Cape and National Total, 2010-2020 [Percentage]

	Inxuba Yethemba	Chris Hani	Eastern Cape	National Total
2010	7.9%	5.3%	6.0%	6.1%
2011	7.4%	5.0%	5.6%	5.8%
2012	8.0%	5.3%	6.0%	6.1%
2013	8.0%	5.2%	6.0%	6.2%
2014	8.1%	5.3%	6.1%	6.3%
2015	7.0%	4.5%	5.4%	5.7%
2016	8.0%	5.1%	6.0%	6.1%
2017	7.9%	4.9%	5.7%	6.0%
2018	7.3%	4.5%	5.2%	5.6%
2019	7.5%	4.4%	5.1%	5.6%
2020	2.2%	1.2%	1.5%	1.7%

## 1.4.9 Education

Figure 11





School	No Of Grade 12 Learners	2024 Target	Expected No Of Learners To Pass
Middelburg HS	29	85%	24
Middellande SSS	100	85%	85
Ekuphumleni SSS	73	85%	62
<b>TOTAL</b>	<b>634</b>	<b>88%</b>	<b>557</b>

#### 1.4.10 Statutory Annual Report Process

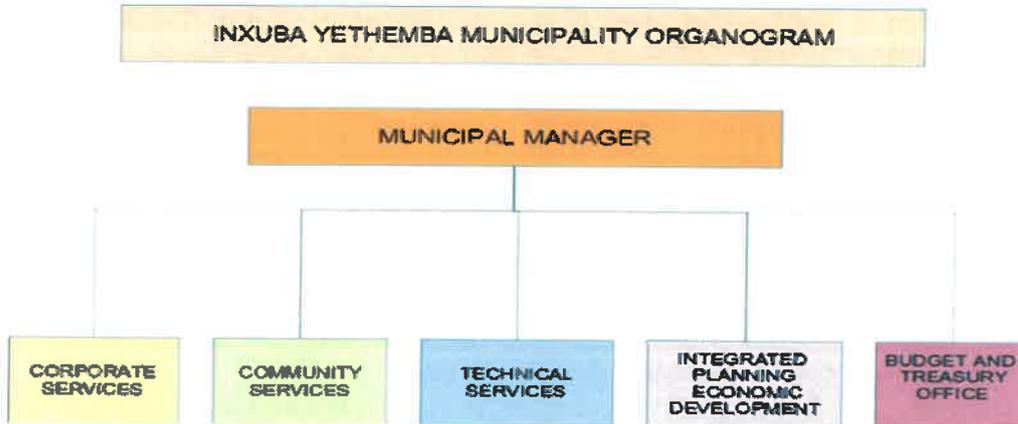
**Table 16: Statutory Annual Report Process**

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

## 1.5 ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 1.5.1 Organizational Structure

Below is the Municipal Administrative Structure *high-level*



✓ The departments are

- Office of the Municipal Manager
- Budget and Treasury Office
- Corporate Services
- Community Services
- Integrated Planning and Economic Development
- Technical Services

Third Tier Structure	
Directorate	Name of Director
Municipal Manager	Mr M.W. Mbebe
Technical Services	Mr. S. Nomandela
IPED	Ms. N. Makwabe
Community Services	Mrs N. Majiba
Corporate Services	Mrs Makwabe (Acting)
Chief Financial Officer	Mr. S. Fokazi

- A revised organogram was accepted by the two unions at the Local Labor Forum after a long consultative process.
- Critical posts were identified as part of this review process and some of these posts were filled to support efficient and uninterrupted service delivery.

Some of the challenges that remain unresolved include:

- The scarcity of local candidates with appropriate skills to fill vacant posts
- The ever increasing costs to appoint candidates with relevant qualifications and experience

### **1.5.2 Review of Organizational Strategic Objectives in response to Performance**

#### **Targets Shortfalls**

*The Overall Performance assessment based on a 4-year comparative analysis as well as the Strategic Risk Status warrants a proactive step to review organizational strategic objectives. This being the last Annual Report of the 5 Year Council term, is prepared on the background of a four year Review on Service Delivery, however still outstanding is a fully-fledged Customer Survey Report that would also need to look at the backlog in Service Delivery and thus Objectives met or unmet to-date.*

The mandate of the Municipal Council as conceived by the current Council at its inception in 2021 was for the Municipality to be a center of Economic Development and improvement of livelihoods as well as acceleration of any backlogs at the time.

The strategic objectives should be revised with the mandate of Council in mind in the light of the reality that the Municipality under the current Council has less than 7 Moths to the end of Term and Local Government Elections.

An analysis of both the key success factors around the Municipality's own performance and experiences, as well as the negative factors which are relevant should be considered in the revision of the strategy as priority strategic objectives or focus areas under various sections of the strategy.

The emerging global trends also need to be considered as these cannot be isolated or ignored given the direct and indirect impact they have in the Economy and Delivery terrain of the Municipality

### **1.5.3 Long-term Growth .**

The Municipality's Infrastructure Development together with the Local Economic Development need to come up with an Integrated version and approach to Service Delivery as they have a direct bearing in each other. The Long-term Growth and Development Strategy or Plan becomes the Platform to merge the LED Strategy and the Long-term Infrastructure Delivery as well as the backing Resource Mobilization Strategy in the light of limited Grant funding and PESTEL Analysis Risk after Local Government Elections.

#### 1.5.4 Balanced Municipal Delivery

Whilst a sustained Audit Outcome success has been enjoyed by the Municipality, it is equally important to balance through Good Governance the Financial and the Performance sides which are the cornerstone of the Services.

The two Departments as business leaders need to review their respective business case to lead the transition towards the end of the Term and beyond.

#### 1.5.5 Organizational Sustainability

Council needs to intensify its effort of building a financially accountable and sustainable entity whilst fostering transformation and empowerment in line with the government's programme, building strong partnerships and collaboration with relevant stakeholders in order to leverage resources and creating platforms for growth, empowerment and skills development.

*The Inxuba Yethemba Municipality is expected to be self-sustainable and generate its own revenues to meet its operational expenditure, however at the moment the Revenue strength is low. With the interventions in place including the Meter Audit, it is expected that the Revenue may be doubled in the next financial period.*

With the Municipal Service Delivery priorities highly capitalized in the form of more facilities than the rate of roads projects including and resulting in high maintenance costs, there should be consideration for a significant reduction in the number of halls and stadiums going forward to 2026.

#### 1.5.6 Global Trends

*Municipal Response to global trends should consider some of the areas below, however not limited to them in its evaluation*

Area	Comments
Touchless technology	The Entity is lagging behind on this technology. The IT strategy will address this innovation.
Exploitation of the Inxuba Yethemba Area or location as a cuisine signature in the N10 Corridor capitalizing on Economic Development through Tourism and other activities	There should be a plan to review this in order to ensure that the Inxuba Yethemba Municipality is known for a specific "signature cuisine" which could draw repeat visitors. This will focus on tourism, hospitality and other activities
Awareness of Environmental impact	There are limited environmental impact initiatives currently, this needs to be improved
Changes or Revision of the Business Model	The next Strategic Planning needs to come out with some recommendations of the feasibility study options towards a viable Business Model

## CHAPTER 2: GOVERNANCE

### 2.1 MUNICIPAL GOVERNANCE

#### 2.1.1 Strategic Overview of Inxuba Yethemba Local Municipality

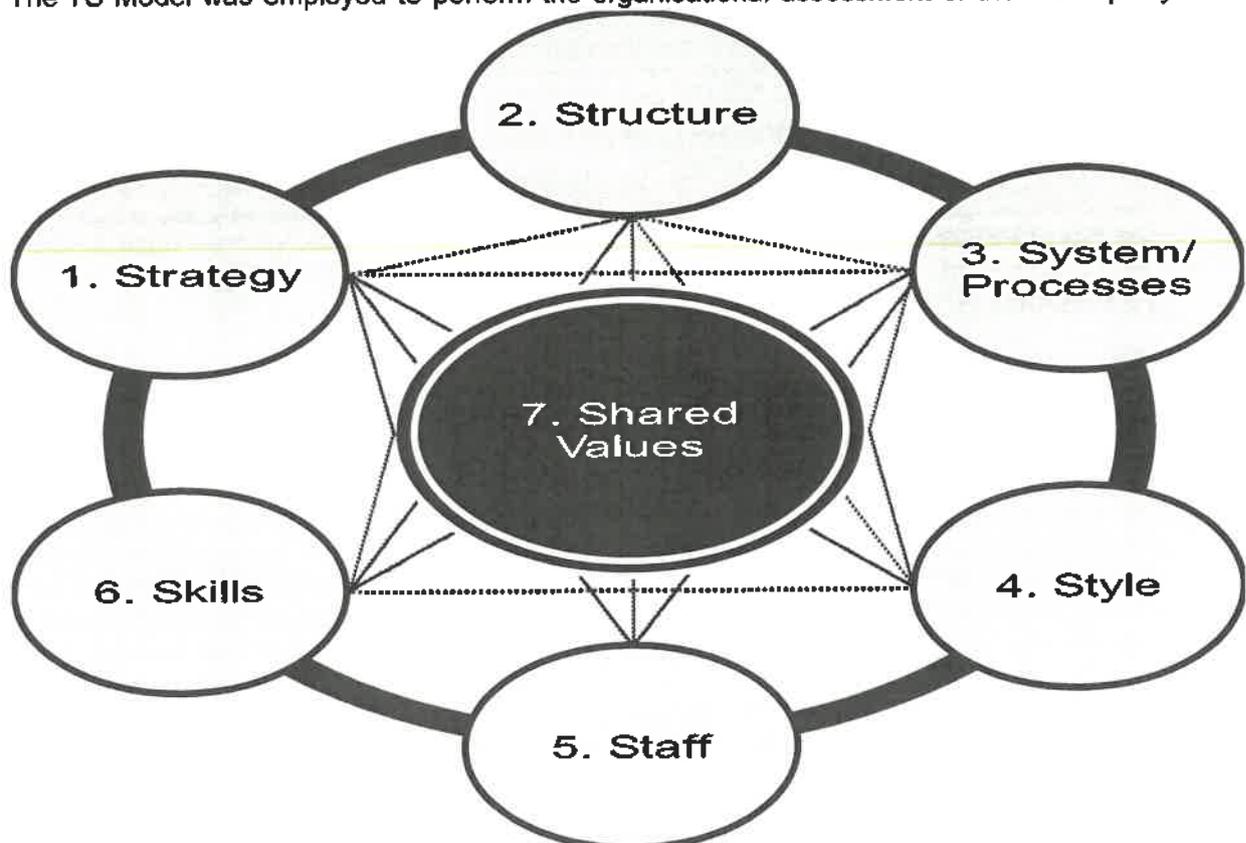
As part of its Constitutional Mandate, Inxuba Yethemba Municipality seeks to provide quality, sustainable basic services while promoting socio-economic development, community involvement and the protection of the environment.

#### 2.1.2 Council Governance and Political Oversight

- The Governance and Political Oversight of the Municipality is entrusted to Council, with a functional Mayoral Committee (MAYCO). There are functional Section 80 Committees representing the Key Performance Areas in the Municipality.
- The Municipal Council has a functional Municipal Public Accounts Committee and an appointed fully functional Audit Committee as S79 Committees.
- The Municipality has a functional Risk Management Committee which is a Management-led Governance structure with an independent Chairperson

#### 2.2 Organisational and Operational Analysis

The 7S Model was employed to perform the organisational assessment of the Municipality.



*Organisational Review of the Inxuba Yethemba Municipality using the 7S Methodology*

**Strategy** – For the strategy to be successfully implemented, it is critical that the organisation is sufficiently capacitated. Without the necessary resources, the strategy becomes meaningless.

**Structure** – The Municipality has an Organogram that was reviewed and despite capacity gaps in certain Departments, however operating optimally despite having some critical vacant positions that are in the process of being filled. For the Municipality to grow in line with its mandate, it is critical that the structure be reviewed and aligned to its Vision.

**Systems** –The Municipality has effective Financial Management and IT Systems as requirement for relevant and robust systems that support the processes of the Municipality.

**Style** – Since its establishment, the Municipality has never been under Administration with the current Municipal Manager appointed on a fulltime basis since 2021. The Municipality has always emerged and under the new Political Leadership, the Municipal Manager is guiding the Administration with more stability to the organisation.

**Staff** – The Inxuba Yethemba Municipality, despite not having filled some of its critical positions, is sufficiently capacitated to deliver on its mandate. The recruitment of suitably qualified staff is being prioritised by the Municipality as it seeks to meet the growth and service delivery expectations by its communities.

**Skills** – The continuous upskilling and capacitation of existing staff is critical to the functioning of the Municipality, as well as the retention of staff. The Municipality has got a demonstrable Human Resource Development and Staff Retention Strategy being implemented. There are Skills and Capacity Building Programmes identified in the Planning Process as one of Strategic Drivers to the organisation's mission.

**Shared Values** – The Inxuba Yethemba Municipality has embraced key Values that underpin its Organisational Culture towards the fulfilment of the Vision of the Organisations. These include Professionalism, Accountability, and Transparency, Commitment coupled with Efficient Delivery of Programs and Services to its people.

### **2.3 Preamble to The Municipality's Overarching Strategy**

The Local Government elections of 2021 ushered a new political dispensation with a mandate that sets the tone for the development of the five-year Political Program through the corridor of the IDP.

The Inxuba Yethemba Municipality is rural in its nature characterized by high levels of poverty, unemployment and the low levels of education. It is further engulfed, like the rest of the country, with low economically active people and the youth. In its last term council emphasized, as its overarching strategy, local economic development with Infrastructure as the Catalyst, which it believed would be the anchor for Long-term Growth and Development of the municipality.

With the current Term of Council having started in November 2021, it is essential that in crafting the course of the future, the new council needs to define its overarching strategy towards sustainable service delivery.

In so doing the municipality needs or should take into account the National, Provincial, District and Local contexts including what is contained in Outcome 9: A Responsive, Accountable, Effective and Efficient Local Government System.

## **2.4 Defining Inxuba Yethemba Overarching Strategy**

The Municipality developed the Vision, Mission and Values and conducted a systematic overview of the internal and external factors affecting the Municipal environment.

Underlying these are the Strategic Objectives as contained or expressed in the IDP, which were proposed and adopted by Council in the 2022 Council Strategic Planning session.

The Municipal overarching strategy emphasizes developing and growing the local economy by intensifying the implementation of the high impact Local Economic development projects, focused on heritage and tourism, mining, agriculture and small, medium and micro enterprises (SMMEs) support through a responsive, effective and efficient municipality”.

The Overarching strategy therefore sets out the tone and other functions of the Municipality that give support thereto.

This also means that Council puts emphasis on developing and growing the local economy, which translates into the need for building financial and human capital capacity for Local Economic Development.

## **2.5 Strategic Blueprint**

The process embarked upon in the development of the Strategic Blueprint as per the reviewed Municipal IDP is well articulated in the *Definition and alignment of the Municipal Core Ideology, Vision, Mission and Values*.

The Key Strategic Objectives that facilitate the Mission Statement towards the pursued Vision remain unchanged during this strategic review session as agreed by Council and Administration.

## **2.6 Legislative Prescripts underpinning the Inxuba Yethemba Municipality Mandate/Strategy**

The strategy is developed with the following pieces of legislation forming basis thereof:

- Constitution of the Republic of South Africa No. 108, 1996
- Development Facilitation Act, 1995 (Act No. 67 of 1995)
- Local Government: Demarcation Act, 1998 (Act No. 27 of 1998)
- White Paper on Local Government of 1998
- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended
- Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), as amended
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Regulations
- Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005)
- Municipal Property Rates Act No. 6 of 2004
- Inxuba Yethemba Policies, Strategies and By-Laws

## **COMPONENT A: GOVERNANCE STRUCTURES**

### **2.7 Political Governance and Political Structures**

#### **(a) Introduction**

The Municipal Finance Management Act no 56 of 2003 (MFMA) Section 52 (a) states: "The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality".

In terms of section 9 (d) of the Municipal Structures Act 1998, the Inxuba Yethemba Local Municipality should have an executive system combined with a Council system.

#### **(b) Executive Mayor: Councillor N. P. Zonke**

The Mayor is the Chairperson of the Mayoral Committee (MAYCO) of the Municipality. As legislated by the Municipal Structures Act, Municipal Systems Act, Municipal Finance Management Act no. 56 of 2003 (MFMA) and Municipal Planning and Performance Regulations, the Executive Mayor performs duties, including any ceremonial functions, and exercises the powers delegated to the Executive Mayor by the Municipal Council, however as per the status of Executive Mayor can still take some decisions on behalf of the Council. These executive powers allow her to such prerogative and these can be later ratified by the Council as a collective body.

As per the Municipal Rules of Order and the related Legislation, the Executive Mayor is responsible the following programs within the Municipality: -

- Leading the Political leadership and vision of the Municipality
- Council Management
- Public Outreach Program which inclusive of Community Engagement
- Imbizos and IDPs
- Champion of the Municipal Special Programs
- Leading Intergovernmental Relation champion of Good Governance
- Monitoring of the Management of the Municipal Administration

#### **(c) Speaker: Councillor T. P. Mbotya**

- Presides over of the Council business by playing a coordination and management role in respect of Council meetings
- Plays coordination and management role in respect of Oversight and Standing Committees
- Ensures that the Council meets at least once a quarter as prescribed and also as and when in the formal Special Council meetings.
- Establishes, manages and evaluates the performance of S79 Oversight and Standing Committees
- Ensuring compliance in the Councillor and Council Committee with the Code of Conduct of Councillors
- Strictly ensures that the Council meetings are conducted in accordance with the rules and orders of the Council.
- The provision of administrative and secretarial support services to all councillors. This support strengthens the effectiveness of councillors in their role as public representatives

**(d) Municipal Chief Whip: Councillor L. Davids**

- The Municipal Chief Whip ensures that all Committees of Council quorate through the equitable distribution of Councillors to three Committees
- Ensure that accountability of Councillors to Wards and their Political Parties
- Intervene between the Communities and Council when there is a crisis

**(e) Political Decision Taking**

- Section 53 of the Municipal Systems Act no. 32 of 2000 stipulates inter alia that the respective roles and areas of responsibility of each political structure and political office bearer of the Municipality and of the municipal manager must be defined.
- The section below is based on Section 53, of the Municipal Systems Act no. 32 of 2000, roles and responsibilities that was approved at the Council meeting in November 2021
- The political decision making at the Municipality is supported by the Management Committee. Management decided on forwarding only issues that have to be submitted to MAYCO and Council, either in terms of the MAYCO and Council's delegated authority or through requests received from any of the Standing Committees.
- Once the Mayoral Committee (MAYCO) has accepted the recommendations, such recommendations are submitted to Council for consideration and adoption/noting respectively.
- In the few cases where there is no consensus on a matter within Council, such issue will go to the vote.
- Once the Minutes of the Council meeting has been adopted, the responsibility lies with the Accounting Officer to ensure that actions are taken to implement such resolutions.

**(f) Municipal Council**

- Governs by making and administering laws, raising taxes, and taking decisions that affect people's rights;
- Is a tax authority that may raise property taxes and service levies;
- Is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to the Mayoral Committee and/or Administration;
- Can delegate responsibilities and duties for the purpose of fast and effective decision making;
- Must strive towards the constitutional objectives of local government;
- Must consult the community regarding local government matters; and
- Is the only decision maker on non-delegated matters such as the approval of the IDP and Budget.

The Municipal Council of the Inxuba Local Municipality consists of eighteen (18) members. Nine (9) represent wards and the remainder of Councillors are proportional representatives elected to represent political parties based on proportional representation. The ruling party in Council is the African National Congress (ANC).

**(g) Council Representation**

Political Party	Number
African National Congress (ANC)	10
Democratic Alliance (DA)	7
Patriotic Alliance (PA)	1
<b>Total</b>	<b>18</b>

**(h) Members of Municipal Council (2021-2026)**

No	Name Of Councillor	Position
1.	Mbotya T P	The Speaker – Chairperson of IYM Council
2.	Zonke N P	IYM - Executive Mayor
3.	Davids L	Chief Whip and Portfolio Head : Technical Services
4.	Ndondose S	Portfolio Head : IPED
5.	Mongo N N	Portfolio Head : Community Services and Ward 6 Councillor
6.	Masawe S	Portfolio Head :Budget and Treasury and Corporate Services
7.	Biko N	MPAC Chairperson and Ward 1 Councillor
8.	Dakuse A	Councillor Ward 3
9.	Desha M	PR Councillor (DA)
10.	Featherstonehaugh	Ward 5 Councillor (DA)
11.	Jacobus R	Ward 7 Councillor (DA)
12.	Lawens B	Ward 4 Councillor (DA)
13.	Rasmeni M	Ward 2 Councillor (ANC)
14.	Smith Z	PR Councillor (DA)
15.	Van der Merwe J	PR Councillor (DA)
16.	Vorster H	Ward 9 Councillor
17.	Samuels C	PR Councillor (PA)
18.	Reeners J	Ward 8 Councillor

### **(l) Mayoral Committee Representation**

<b>No</b>	<b>Political Party</b>	<b>Representative Member</b>	<b>Designation</b>
1	African National Congress	Cllr. N.P. Zonke	Executive Mayor
2	African National Congress	Cllr. L. Davis	Chief Whip
3	African National Congress	Cllr. S. Ndongose	MMC - IPED
4	African National Congress	Cllr. S.V. Masawa	MMC: BTO and Corporate Service
5	African National Congress	Cllr. N. Mongo	MMC: Community Services

### **(j) Council Oversight Committees**

Municipal Councils exercise both legislative and executive functions. This is intended to facilitate hands-on governance and synergy between elected representatives, the executive and the administration. The proximity is meant to facilitate a more vibrant and responsive municipality that would ultimately result in efficient service delivery.

These committees are established in terms of Sections 79 and 80 of the Municipal Structures Act no. 117 of 1998, in order to deliberate and make recommendations to the Council.

The Council as a legislative Political Structure is entrusted with the oversight responsibility on matters pertaining to the developmental progress and implementation of service delivery projects. There are various Portfolio Committees as legislated through section 80 of the Municipal Structures Act 117 of 1998 that are each convened by the members of the Executive Committee who play a political oversight on various activities that are implemented by Municipal Administration Departments.

The Council of Inxuba Yethemba Municipality has five (5) Standing Committees with fair representation in Committees.

Members of the Mayoral Committee are tasked with the responsibility of chairing the supporting Committees. The political team is made up of councillors and headed by the Executive Mayor supported by the Mayoral Committee and the Speaker, making strategic and policy decisions for the residents and businesses.

#### **2.7.1 S80 Standing Committees**

All the S80 Standing Committees report to the Executive Committee, whose chairperson is the Executive Mayor, which takes decisions and resolves to recommend to Council for the implementation of service delivery matters. These S80 Standing Committees are as follows:

<b>No</b>	<b>Name of Standing Committee</b>
1	Portfolio Committee on Budget and Treasury
2	Portfolio Committee on Integrated Planning and Economic Development
3	Portfolio Committee on Technical Services
4	Portfolio Committee on Corporate Services
5	Portfolio Committee on Community Services

### 2.7.1.1 Composition of Section 80 Committees

#### (a) Budget and Treasury Standing Committee

No	Member Name	Designation
1.	Councillor Masawe	Portfolio Head (Chairperson)
2.	Councillor Biko	Member
3.	Councillor Reeners	Member
4.	Councillor Vorster	Member
5.	Councillor Samuels	Member

#### (b) Community Services Standing Committee

No.	Member	Role
1.	Councillor Mongo -	Portfolio Head (Chairperson)
2.	Councillor Dakuse	Member
3.	Councillor Biko	Member
4.	Councillor Desha	Member
5.	Councillor Smith	Member

#### (c) Corporate Services Standing Committee

No.	Member	Role
1.	Councillor Masawa	Portfolio Head (Chairperson)
2.	Councillor Lawens	Member
3.	Councillor Dakuse	Member
4.	Councillor Rasmeni	Member
5.	Councillor Van Der Merwe	Member

#### (d) Technical Services Standing Committee

No.	Member	Role
1.	Councillor Davids	Portfolio Head
2.	Councillor Dakuse	Member
3.	Councillor Biko	Member
4.	Councillor Featherstonehaugh	Member
5.	Councillor Samuels	Member

#### (e) IPED Standing Committee

No.	Member	Role
1.	Councillor Ndongose	Portfolio Head
2.	Councillor Reeners	Member
3.	Councillor Rasmeni	Member
4.	Councillor Van Der Merwe	Member
5.	Councillor Jacobus	Member

## 2.7.2 Section 79 Oversight Committees

The Municipality has got the following S79 Oversight Committees established in terms of Section 79 of the Municipal Structures Act 117 of 1998:-

No	Name of Committee	Functionality Status at 30 June 2025
1	Municipal Public Accounts Committee	Functional
2	Audit Committee	Functional
3	Women Caucus Committee	Functional
4	Ethics Committee	Functional
5	Municipal DC Board	Functional

### 2.7.2.1 Municipal Public Accounts Committee (MPAC)

#### (a) Background

The Committee was established in 2021 in terms of the Municipal Structures Act 1998, Municipal Systems Act 2000 And Municipal Finance Management Act Of 2003. The Committee (MPAC) reports directly to Council through the Office of the Speaker. In strengthening its oversight capacity the MPAC also co-opts from time to time the Internal Audit as well as the solicitation of the technical support of the Audit Committee. MPAC is a standing invitee to the meetings of the Audit Committee. The primary role of MPAC is to help Council to hold the Executive and the Municipal Administration to account and to ensure the efficient and effective use of municipal resources. It does this by reviewing public accounts and exercising oversight on behalf of the Council.

#### (b) Functions of the MPAC

The main purpose of MPAC is to exercise oversight over the executive functionaries of Council and to ensure good governance in the municipality. In terms of its Mandate and responsibilities as delegated to it in terms of the provisions of section 59 of the Systems Act, must on an ongoing basis conduct its oversight over the following Performance Areas:

- Unforeseen and unavoidable expenditure;
- SDBIP;
- Mid-year budget and performance assessment;
- Disclosures concerning councillors, directors and officials;
- Annual report;
- Audit Committee Reports ;
- The review of the IDP post elections;
- Performance management plan;
- Unauthorised, irregular or fruitless and wasteful expenditure;
- Monthly budget statements;
- Mid-year budget and performance assessment of municipal entities;
- Annual financial statements;
- Issues raised by the A-G in the audit reports;
- Disciplinary steps instituted in terms of the MFMA;
- The annual review of the IDP;
- The draft annual budget with reference to the approved IDP, and;

**(c) MPAC Terms of Reference**

The Committee Operations are regulated by an annually Council-approved MPAC Charter and the Terms of Reference. The currently used Terms of Reference were passed by Council at the beginning of the year, whilst the Charter was reviewed in July 2024, a year after being in use. The review of the MPAC Charter considered the following: -

- The functions of MPAC as triggered by the review S79 (a) and (b) of the revised Municipal Structures Act
- MPAC Annual Work Plan

The MPAC discharged its Council Mandate as per the Approved Terms of Reference through the Annual Work Plan as aligned to Circular 32 of the MFMA, which was approved for the 2023/24 financial period in July 2023. Progress made in terms of the Annual Work Plan of the Committee is highlighted here below in terms of the following

No	Planned Activity	Status	POE
1	Verification of the Compilation of the Municipal Budget	Accomplished	Report to Council as Item
2	Verification of the Publishing of the Annual Budget by the Executive Mayor	Accomplished	Report to Council as Item
3	Verification of the IDP and Budget Tabling to Council within the specified timelines by the Municipal Manager	Accomplished	Report to Council as Item
4	Interrogation of Approved Budget and related matters	Accomplished	Report to Council as Item
5	Conducting Projects site visit as part of routine Oversight. These also were done in order to do the Independent oversight to Selected Projects that were in the Annual Report	Accomplished	Report to Council as Item
6	Investigation of the UIFWE backlog from 2010 -2014, 2020/21 and 2021/22. This has also formed part of the submitted AFS to the Auditor General. An amount of R81,121,256 comprising of R22,011,458 (irregular historical) , R50,731,11(Irregular 2020/21), R703,072(Fruitless Expenditure), R7,575,615 (Unauthorised Historical)	Accomplished	Report to Council as Item
7	Investigation of UIFWE Historical figures including 2022/23 and 2023/24 in order to meet the National Treasury deadline of the UIFWE reduction Strategy	In Progress	Reduction Strategy populated
8	Conducting Quarterly UIFWE Reduction Impact Assessment	In progress	Memo to be sent to the Office of the Chairperson to

			develop and customise the Assessment Tool
9	Conducting of the Annual Oversight Process to the 2024/25 Annual Report	Will Commence in February	The 2024/25 Annual Oversight Report to be tabled to Council by 31 March 2026
10	Training of the MPAC members by EC Provincial Treasury on Conducting of UIFWE Investigation	Accomplished	
11	Benchmarking with other Municipalities on Best Practices and Oversight Developments	In the pipeline	Memo to be sent to the Office of the Speaker around the arrangements for the benchmark

(d) Challenges of the MPAC

No	Challenge	Planned Intervention
1	<ul style="list-style-type: none"> <li>Technical Capacity of some of the Members of the Committee which handicaps the efficient discharging and independent of the Committee on certain oversight matters. The Committee has shown some element of reliance on Internal Audit for some matters.</li> </ul>	<ul style="list-style-type: none"> <li>Capacity Building on Practical Hands-on Political Oversight</li> </ul>
2	<ul style="list-style-type: none"> <li>Availability of Supporting documentation to enable the Committee to fully complete its work in some areas eg UIFWE Investigation. This has resulted in the UIFWE not fully written off with confidence that the supporting documents are available or not.</li> </ul>	<ul style="list-style-type: none"> <li>Workshop to all role players on the importance of the UIFWE Investigation</li> </ul>
3	<ul style="list-style-type: none"> <li>The Committee has not fully implemented the periodic assessment of the impact of the UIFWE as much as the UIFWE Reduction strategy is in place. The ongoing assessment needs to be integral part of the combined assurance together with other assurance providers as the Audit Committee and the AG</li> </ul>	<ul style="list-style-type: none"> <li>MPAC to conduct monthly UIFWE Reduction assessments from Q2 of 2024/25 financial year</li> </ul>
4	<ul style="list-style-type: none"> <li>The Review of the SCM Policy as amended has not yet been done by the Committee due to the extent of the time spent in the investigation of the historical UIFWE</li> </ul>	<ul style="list-style-type: none"> <li>MPAC to be workshopped on revised SCM Policy and conduct independent oversight</li> </ul>
5	<ul style="list-style-type: none"> <li>Due to the same challenge above the Committee has delayed to review the recently revised SCM Policy for compliance as it will be central in the investigations going forward.</li> </ul>	<ul style="list-style-type: none"> <li>Training of MPAC on Supply Chain Management and SCM Policy and related Legislation</li> </ul>

(e) MPAC improvement Plan

**Planned Activities**

- To Conduct MPAC Annual Review session proposed for the end of the Q2 of 2025/26 develop and approve its own Improvement Plan. The improvement Plan will holistically look at the Operational Efficiency and Capacity matters of the Committee. The Plan will also seek to improve the working relations with other Assurance Providers and also seek to accelerate the current backlog on the UIFWE to ensure it is brought to 100 % execution.
- The Committee will also consider a practical hands-on capacity building support programme which capacitate and improve the Oversight. The aim of the Committee through this is to make strong in contributing to Good Governance in the remaining years of Council as delegated

(f) MPAC Capacity Development Plan

The Committee in its annual review session will amongst other things conduct a Training Needs Analysis of the Members and develop its Annual Training Plan

(g) MPAC Oversight Report Process Plan 2024/25

No	Planned Activity
1	The MPAC will forward a motion to the Council to commence with the 2024/25 Annual Report Oversight Processes earlier in terms of Circular 63. This will ensure that the final Oversight Report is not tabled later than February 2026.
2	The Draft Annual Report which will be a fully blown Annual Report after the tabling of the Audit Report as it would be updated by updates in both Chapter 5 and Chapter 6.
3	The Draft Oversight Process Plan will be developed and submitted to Council by 30 October 2025 for adoption and to give committee go ahead to start the Oversight process based on the Draft Report

(h) MPAC Oversight Meetings – 2024/25

- During the 2024/2025 financial year under review, the following number of Council oversight meetings were held:
- MPAC Meetings were convened per quarter; however, this did not stop extra meetings from convening if need was identified

Nature of Meeting	No. of Meetings
Municipal Public Accounts Committee (MPAC)	6
Special Municipal Public Accounts Committee (MPAC)	1

### 2.7.2.2 Women's Caucus Committee

No	Member	Political Party	Designation
1	Cllr N. Mongo	ANC	Chairperson
2	Cllr C. Samuels	PA	Deputy Chairperson
3	Cllr N.P. Zonke (Executive Mayor)	ANC	Member
4	Cllr S. Ndongose	ANC	Member
5	Cllr L. Davids (Chief Whip)	ANC	Member
6	Cllr T.P. Mbotya	ANC	Member
7	Cllr B. Lawens	DA	Member
8	Cllr H. Forster	DA	Member
9	Cllr Z. Smith	DA	Member
10	Cllr R. Featherstonehaugh	DA	Member

### 2.7.2.3 Ethics Committee

No	Member	Designation
1	Cllr A. Dakuse	Chairperson
2	Cllr M. Rasmeni	Member
3	Cllr J. Reneers	Member
4	Cllr B. Lawens	Member
5	Cllr C. Samuels	Member

### 2.7.2.4 Petitions Committee

No	Member	Designation
1	Cllr A. Dakuse	Chairperson
2	Cllr J. Reneers	Member
3	Cllr C. Samuels	Member

## 2.8 AUDIT COMMITTEE

The role of the Inxuba Yethemba Municipality Audit Committee is defined in terms of MFMA S166(4), S166 (5) and at the Inxuba Yethemba Municipality, with Internal Audit unit reporting to it administratively reporting to the Office of the Municipal Manager whilst providing support to this Committee. The Audit Committee reports directly to Council, providing opinions and recommendations on financial processes and performance.

In fulfilling its role and in carrying out its duties and responsibilities, the Audit Committee may conduct such investigations and seek from any employee or Councillor such information as it considers necessary to enable it to fulfil its functions, and all employees and Councillors are required to co-operate with any request made by the Audit Committee. The committee must consider and recommend improvements in financial control and accounting systems as well as assess extraordinary items or abnormal disclosures with specific reference to: -

- The annual financial statements;
- Accounting policies and practices;
- Specific strategic reports;
- External audit procedure;
- The annual external audit report before submission to the relevant committee;
- All Internal audit activity;
- Compliance with law, audit and accounting standards; and
- Reports of the Head: Investigations.

Audit committee members do not have any authority to make any decisions on behalf of the Council.

In terms of the Municipal Audit Committee's functionality and oversight process, the following is applicable;

- All reports requiring Audit Committee consideration shall first go to the Management Committee
- The reports shall then go to the Audit Committee which shall meet at least once every quarter;
- Audit Committee Meetings were held per quarter and, also extra meetings were held when an urgent need was identified. Audit Committee Recommendations are listed as Appendix G.

**(a) The Audit Committee Responsibilities: -**

**Financial Statements**

- Ensure that all financial reports are complete and consistent with the information required. Review financial reports with management and the external auditors, before filing with regulators.

**Internal Control**

- Ensure the effectiveness of the council's internal control over annual and interim financial reporting, including information technology security and control. Understand the scope of internal and external auditor's review of internal control and obtain reports on significant findings with specific reference to the safeguarding of assets, accounting records and the maintenance of effective internal control systems.

**Internal Audit**

- Review with management the charter, plans, activities, organisational structure of the internal audit activity. Ensure there are no unjustified restrictions or limitations. Review the effectiveness of the internal audit activity, including compliance with the Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing. On a regular basis, meet separately to discuss any matters that the committee or auditors believe should be discussed privately.

#### External Audit

- On a regular basis, meet with the external auditors to discuss any matters that the committee or external audit believes should be discussed privately.

#### Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigations, follow-ups of any instances of non-compliance. Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to Council personnel and for monitoring compliance therewith. Obtain regular updates from management and legal counsel regarding compliance matters. Assess the reliability of performance information reported and commission in-depth performance investigations where there is continued poor performance. Evaluate the committee's performance on a regular basis. Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee's Charter annually, requesting Executive Committee approval for proposed changes. Confirm annually that all responsibilities outlined in this charter have been carried out. Section 14(4) (a) (iii) of the Local Government Municipal Planning and Performance Management Regulations requires that the Audit Committee submit a report to the Municipal Council at least twice a year, regarding the Performance Management System.

#### (b) Members of the Audit Committee

No	Member	Designation
1	Ms. Alucia Van Zyl	Chairperson
2	Ms Zingisa Mgaga	Member
3		Vacant
4		Vacant
5	Mr Abor Yeboah	Member

#### (b) Report of the Audit Committee by 30 June 2025

- During the 2024/25 Financial Year, the Audit Committee has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001.
- The Report of the Chairperson of the Audit Committee for the Year Ended 30 June 2025 is disposed of in the following page :-

## 2.8.1 AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2025

The audit committee presents its report for the year ended 30 June 2023.

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consisting of the following three (3) members listed here under should meet at least Five (5) times per annum as per its approved terms of reference. Four (4) meetings were held during the financial year. All members are external and therefore independent with no conflicts of interests being reported.

Section 165(1) of the Municipal Finance Management Act (No 56 of 2003) MFMA requires that each municipality must have an internal audit unit and section 166(1) requires that each municipality must have an Audit Committee. The Audit Committee is a committee of the Council and performs the statutory responsibilities assigned to it by the MFMA (sections 165 and 166), and other relevant responsibilities delegated to it under its charter by the Council.

NAME OF MEMBER	NUMBER OF MEETING ATTENDED
Alucia Van Zyl (Chairperson)	5/5
Zingisa Mgaga	5/5
Abor Yeboah	5/5

- Mr Jackson Mbawuli sadly passed away during March 2025.
- Ms. Phumzille Songo sadly passed away during May 2025, however he resigned in August 2024 prior to his passing
- The municipality initiated a recruitment process following the death and resignation of the two members however, no suitable and qualified candidates were identified. As a result, the municipality is looking at exploring a head-hunting process.

### AUDIT COMMITTEE MEETINGS

Meeting	Date	Type of meeting
1	July 2024	Q4 Reports (Ordinary)
2	August	APR and AFS (Special)
3	October	Q1 Reports (Ordinary)
3	January	Q2 Reports (Ordinary)
4	April	Q3 Reports (Ordinary)
5	June	Charters and Risk Based Plan (Special)

## **AUDIT COMMITTEE RESPONSIBILITY**

The audit committee reports that it has complied with its responsibilities arising from section 166 of the MFMA and has adopted formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and discharged all its responsibilities as contained therein during the year.

## **THE EFFECTIVENESS OF INTERNAL CONTROL**

In line with the MFMA, the internal audit function provides the audit committee and management with assurance that the internal controls are appropriate and effective.

This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the in-year reports of the internal audit function, the audit committee is pleased to report that there were no material exceptions raised that would negate the municipality's control environment and therefore the audit committee reports that it is satisfied that the current control environment is effective with the exception of the following:

- Improvement over management oversight on enforcing compliance with general conditions of some contracts and service level agreements is required to limit risk exposure to the municipality.
- Management oversight on ensuring that the procurement plan is updated throughout the year in line with new approvals is recommended to prevent increased virements and unauthorized expenditure, and
- Supervisory controls and management reviews over expenditure management were not effective throughout the year.

## **INTERNAL AUDIT**

The committee reviewed and approved the internal audit charter, internal audit methodology and the risk based annual internal audit plan. It reviewed the work performed by internal audit on a quarterly basis and the implementation of internal audit recommendations. In compliance with the MFMA, internal audit provided the committee and management with assurance that the internal controls are adequate and effective.

This was achieved through the implementation of a risk management process, as well as the identification of corrective action and recommended enhancements to the controls and processes.

The committee is satisfied that the internal audit function had operated effectively and that it actively assisted management in addressing the risks pertinent to the municipality. Internal audit monitored and reported on the implementation of management corrective actions undertaken to address previous audit findings. In doing so, it assisted management and council in mitigating risks thus playing a pivotal role through combined assurance to assist in risk management and strengthen controls over financial and performance management reporting.

The audit committee is satisfied that the internal audit function has maintained its independence and objectivity throughout the under review.

### **The audit committee recommends that:**

- management continue to cooperate with the internal audit function to improve the current control environment through the timely implementation of recommended actions,
- Follow up audits be completed on a quarterly basis to prevent recurrence of repeated findings,

### **RISK MANAGEMENT**

During the year, reports from the risk management committee were considered by the audit committee. The committee recommends that council and management ensure that management action to address the identified risks be prioritized. The committee further recommends that:

- The operational, strategic and fraud risks that remain high be carried over to the current financial year of 2024 for ongoing management and monitoring.
- a risk-based approach be followed when preparing for the budget processes, so that the budget is risk based.
- Risk Management to assist in inculcating a zero-tolerance stance to issues of Fraud and corruption.

The Audit Committee will continue to exercise its advisory and oversight function with respect to risk management.

### **FINANCIAL REPORTING**

The audit committee reviewed the section 52d quarterly reports, and various other reports from the Budget and Treasury department. Based on the quality of the in-year quarterly reports submitted in terms of the MFMA, and the year-end reporting process, the audit committee is satisfied that there is a developed system of internal control over financial reporting, which allows for credible reporting in a timely manner. Management is encouraged to implement continual focus on the recoverability of outstanding statutory and trade receivables to avoid the potential burden on future cashflows from operating activities.

## **MUNICIPAL PERFORMANCE MANAGEMENT (PMS) YEAR END AND IN-YEAR REPORTING.**

The audit committee is pleased to report that the evaluation of the annual performance for section 56/57 employees for the year ended 30 June 2025, commenced on the 10th of May 2023 and will enable council to comply with regulation 4(d)(iv) of the local government, municipal performance regulations for Municipal Managers and Managers directly accountable to the Municipal Manager. During the prior financial year, the audit committee interrogated the quarterly performance reports by management. Internal audit reports on their quarterly reviews over the organisational PMS were also considered. Management is encouraged to implement adequate oversight and review over the portfolio of evidence in support of achieved targets. There are no further areas of concern to be reported that warrant the attention and intervention of Council.

## **EXTERNAL AUDIT: AUDITOR GENERAL SOUTH AFRICA**

The audit committee reviewed, and discussed the audit report, management letter and engaged the AGSA on the audit report and management letter. The audit committee is satisfied with the independence of the Auditor General (South Africa). The audit committee concurs with and accepted the AGSA's audit report on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the AGSA.

## **CONCLUSION**

The audit committee thanks Council, the Executive Mayor, the chairperson of MPAC, the Municipal Manager, the Chief financial officer, senior management, and the administrative staff and the AGSA for their cooperation with the audit committee. The audit committee relies extensively on the work of internal audit. The audit committee expresses its gratitude to the Manager: Internal Audit and her team for their assistance and cooperation.



Audit Committee: Chairperson

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Alucia Van Zyl

## 2.9 Municipal Disciplinary Committee Board

- The Terms and Reference of the Committee have since been amended to accommodate a clear interface line with the duties of the Municipal Public Accounts Committee.
- The Charter of the Committee has also been updated and will form part of the 2025/26 Strategic documents to be adopted by Council.

No	Member	Designation
1	Ms A. Van Zyl	The Chairperson of the Audit Committee
2	Ms. N. Notshulwana	The Chief Audit Executive (IYM)
3	Adv. N. Phiti	The Legal representative from Chris Hani District Municipality
4	Mr M. Mahokoto	Labor Relations Officer (IYM)

## 2.10 Municipal Annual Calendar

### Summary of Meetings Held by Various Oversight Structures

Structure	No. of Meetings
Ordinary Council	4
Special Council	5
Mayoral Committee	4
Special Mayoral Committee	5
Municipal Public Accounts Committee (MPAC)	4
Special Municipal Public Accounts Committee (MPAC)	1
Audit Committee	4
Special Audit Committee	2
Budget and Treasury Standing Committee	3
Integrated Planning and Economic Development Standing Committee	3
Corporate Services Standing Committee	3
Technical Services Standing Committee	3
Community Services Standing Committee	3

### Register of Council Resolutions

## ANNEXURE CR\_2025

## 2.12 Administrative Governance and Administrative Governance Structures

Department	Head of Department	Designation	National Key Performance Areas
Office of the Municipal Manager/ Mayoral Office	Mr. M.W. Mbebe	Municipal Manager	<p>IDP Process</p> <p>Assessment of the municipality's performance management system</p> <p>Assessment of whether the municipality performance system complies with the Act</p> <p>An assessment of the alignment of objective, output and measures</p> <p>Review of Risk Management Strategy and Framework</p> <p>Ensuring effective and functional Internal Audit Systems</p> <p>Youth Development and Empowerment</p> <p>Community public consultation and ward committees</p> <p>Communications and municipal branding</p> <p>Sport management services</p> <p>Effective and functional war rooms through Operation</p> <p>Legal Support Services</p>
Department: Corporate Services	Mrs N.Makwabe	Acting Director: Corporate Services	<p>Leave Administration</p> <p>Staff Records and Appointments</p> <p>Administration of IOD's and Pension Claims</p> <p>Training Programmes</p> <p>Undertaken and submissions to LGSETA</p> <p>Employee Study Bursaries</p> <p>Information Technology – Governance, Security Management, User Access Control, Program Change Management, Services Continuity</p> <p>Provision Council Support Services</p> <p>Implementation of Employment Equity Plan</p> <p>Compliance with National Archives and Records Management Act</p> <p>Administration</p>

Department: Community Services	Mrs N. Majiba	Director: Community Services	Collection of Fines Paid Fleet Management and Fuel Consumption Licensing collections
Department: Integrated Planning and Economic Development	Mrs Makwabe	Director: integrated Planning and Economic Development,	Administration of Land Sales Administration of Housing Projects Administration of LED Projects Town Planning GIS Tourism and Museum
Department: Budget and Treasury	Mr S. Fokazi	Chief Financial Officer	Creditors Run and reconciliation Long Term Loans Reconciliation Grants Reconciliation Fixed Assets Register and Asset Count Investment and Interest Charged Inventory / Stock Control Cash Taking Banking and Bank Reconciliation Debtor Processes and Month End Trial Run for Services Rendered Suspense Accounts; Commitments Fruitless and Wasteful Expenditure Journals Processed Implementation of Indigent Policy Salary Run, and ACB Financial System Transaction Listing Supply Chain Management Process Contract Payments Review of Mid-Year and Annual Financial Statements Review of Mid-term and Annual Budget Valuation roll and Rates Assessment
Department: Technical Services	Mr S. Nomandela	Director: Technical Services	Projects Management Unit Grants Funding Maintenance Electrical Services Roads and Storm water (surfaced and no-surfaced) Building Maintenance

## 2.13 Disclosure Of Financial Interest

<b>NAME</b>	<b>POSITION</b>
<b>1. Mr M.W. Mbebe</b>	Municipal Manager
<b>2. Mrs N. T. Majiba</b>	Director: Community Services
<b>3. Mrs N. Makwabe</b>	Director: IPED
<b>4. Mrs N. Makwabe</b>	Acting Director: Corporate Services
<b>5. Mr S. Nomandela</b>	Director: Technical Services
<b>6. Mrs N.Zonke</b>	Executive Mayor
<b>7. Mr V. Masawe</b>	MMC: Corporate Services and BTO
<b>8. Ms S. Ndongose</b>	MMC: IPED
<b>9. Mr N. N. Mongo</b>	MMC: Community Services
<b>10. Ms. L. Davids</b>	MMC: Technical Services

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

The Municipal Systems Act, No. 32 of 2000 (MSA) Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41. IYM like many other municipalities in South Africa partakes in several Intergovernmental structures in the country and the most notable ones are relationships with municipalities that are within our close proximity. Areas wherein these IGR relationships continue to thrive are:

- District Speakers Forums.
- District IGR forum, and The Technical Intergovernmental Relations Structure.
- DIMAFU

This Technical Structure is constituted by all the Sector Departments operating within both the District and IYM. Safe to say that some Departments are not consistent in attending the Quarterly meetings that are convened by the IYM Municipal Manager. Through this structure as government we have been able to share and monitor our service delivery programmes and projects implemented within our jurisdiction. This structure is relatively functional though there is still a room for improving its performance to levels that we are all able to plan together for the service delivery provision within IYM. It's envisaged that over time the acceptable and effective cooperation will be realised more so if we all internalise the IYM IGR Framework that was drafted by the same Team recently. Its approval by Council will give the required impetus and improve its operational efficiency.

The political IGR forum chaired by the Executive Mayor convened 4 Quarterly IGR Meetings. Participation of external stakeholders' i.e. Government Departments has immensely improved.

### 2.15 NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality attends the following meetings on National level:  
SALGA meetings

### PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The Municipality attends the following meetings on Provincial level:

No	Structure attended or participating in
1	• Premier's Coordinating Forum (Technical & Political Structures)
2	• MUNIMEC (Technical & Political Structures)
3	• Provincial Speakers Forum
4	• COGTA Local Government Indaba

The Municipality attends the following meeting on District Level:

No	Structure attended or participating in
1	• DDM Political Hub
2	• DDM Technical Hub
3	• DDM Cluster Meetings

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **2.16 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

In terms of Section 6 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the administration of a municipality must:

- (a) be responsive to the needs of the local community;*
- (b) facilitate a culture of public service and accountability amongst staff;*
- (c) take measures to prevent corruption;*
- (d) establish clear relationships, and facilitate cooperation and communication between itself and the local community;*
- (e) give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive; and*
- (f) inform the local community how the municipality is managed, of the costs involved and the persons in charge.”*

For the purposes of adherence and/or compliance with the aforesaid, the Municipality has established the legislatively required structures such as Section 80 Portfolio Committees advising the Mayor as well as Council Committees such as the Municipal Public Accounts Committee (MPAC), and Special (Disciplinary) Committee dealing with the Code of Conduct for Councillors, as well as a Fraud and Risk Management Committee. In addition, thereto, an Audit Committee comprising independent external professionals also advises Council.

The Audit Committee also serves as the Municipality's Performance Audit Committee and meets quarterly. A quarterly report reflecting the Audit Committee's recommendations relating to the areas of financial management and control, performance management, internal control, risk management and governance matters is tabled in Council.

These structures represent a separation of duties amongst public representatives and staff to ensure accountability, oversight, transparency and good governance and assist the Municipality to discharge the necessary public accountability responsibilities.

## **2.17 COMMUNICATION, PARTICIPATION AND FORUMS**

Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) compels municipalities to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of a municipality. During the year under review, the Municipality used the following mechanisms to comply with this legislative requirement:

- Ward committee meetings (discussed in more detail below)
- Public notices in local, regional, and national newspapers
- Newsletters
- Press releases as and when required.
- Public IDP and consultative meetings
- General Municipal Programmes
- Functioning of a municipal website, regularly updated with recent news.

The stakeholder and community engagement meetings are held to determine and undertake development priorities that form the cornerstone of the IDP. Needs are dynamic and by virtue of their changing nature, they require frequent reviewing.

The annual review of the IDP is a process which assists the Municipality to further enhance its service delivery outputs and outcomes. This is effected through the Performance Management System, implemented by the Municipality, it ensures that the Municipality remains accountable to the local community, the various stakeholders such as formal and informal businesses, NGO,s, NPO,s and community based organisations.

The Municipal Council ensures that its oversight role is sufficiently mandated by the populace voice of its local community, through fully embracing the principles of participatory democracy.

This is being achieved through a well-functioning Ward Committee System, robust public participation through its various development planning processes and regular communication with the community through public meetings, newsletters, radio and various other print and electronic media including the Municipal Website.

The IDP structures/forums are listed below the role players that participate in the municipal IDP programmes.

The involvement and participation of these role-players is crucial to the accomplishment of a participatory review process:

- All Municipal Councillors
- The Municipal Council
- The Executive Committee

- The IDP Manager
- Municipal Manager
- The IDP/ Budget Steering Committee
- The IDP Representative Forum
- The District IDP Steering Committee
- Organized business structures
- Traditional Councils
- Sector Departments
- Ward Committees
- Municipal Officials
- Neighbouring Provinces
- NGOs and CBOs
- Local Farmers Association
- Organized Farm-workers structures
- Private sector

**INXUBA YETHEMBA MUNICIPALITY COUNCIL:** The Council is responsible for the following:

- Adoption of the IDP Process Plan
- Adoption and approval of the reviewed IDP
- Amendment of the IDP in accordance with the comments by sector departments and MEC;
- Approval of the various review phases; and
- Ensuring that the IDP is linked to the PMS and Municipal Budget.

**THE MAYORAL COMMITTEE** has the following responsibilities:

- Recommend to Council the adoption of the IDP Process Plan and reviewed IDP.
- Overall management of the IDP Review process,
- Monitoring the IDP review process

**THE IDP MANAGER** is assigned the following responsibilities:

- Management and Co-ordination of the IDP process;
- Ensure that there's vertical and horizontal alignment;
- Management of the consultants;
- Ensuring all stakeholders are informed of the process and their involvement;
- Create a conducive environment for public participation.

**THE IDP STEERING COMMITTEE** is assigned the following responsibilities:

- Ensuring the gathering and collating of information while the IDP implementation is proceeding;
- Support the IDP Manager in the management and co-ordination of the IDP;
- Discussion of input and information for the IDP review;
- Ensuring the monitoring and evaluation of the gathered information;
- Attending to MEC's comments.

**THE IDP REPRESENTATIVE FORUM** is assigned the following responsibilities:

- Recommend reports for approval / adoption;
- Representing interests of the constituents;
- Present a forum for communication and participation for all stakeholders; and
- Monitoring the IDP review process.

The IDP Representative Forum is the structure that institutionalizes and ensures a participatory IDP review process. It represents the interests of the constituents of the municipality in the review process. It is envisaged that all organizations, stakeholders, or interest groups are represented in the forum. The composition of the IDP Representative Forum is as follows:

<b>Representative</b>	<b>Representative</b>
Chairperson : The Mayor	Parastatals and Service Providers
Secretariat :Inxuba Yethemba Municipality IDP Steering Committee	NGOs and CBOs
Members : All Municipal Councillors	Sector Departments
The Executive Committee	Neighbouring Municipalities
Councillors and Officials from Chris Hani District Municipality	Farmers Associations
Municipal Manager and Municipal Officials	Churches
Traditional Leaders within Inxuba Yethemba Municipality	Private sector
Ward Committees Representatives	
Community Development Workers (CDWs)	

**The Chris Hani District Municipality forms a district-wide Planning and Development Forum** for the purpose of alignment with all the local municipalities within the district:

**THE MUNICIPAL OFFICIALS** are responsible for the implementation of the IDP and in the process gather information on changes in the circumstances. They must provide budgetary information and any information on the performance evaluation. They provide technical expertise during the planning process. Municipal Officials also interact with the Ward Councillors and Ward Committees and provide guidance and advice that is crucial during the IDP process.

**THE SECTOR DEPARTMENTS** have the following responsibilities:

- Assist in the IDP formulation and review process,
- Provide budget information and sector plans,
- Provide data and information,
- Ensure programme and project alignment between the Municipality and province,
- Ensure budgetary alignment between provincial programmes and projects and the municipality's IDP.

**WARD COUNCILLORS** are an important link between the Municipality and the constituents. They are the first to know of any community needs or service delivery gaps. The Councillors are responsible for forwarding this information to the municipal officials. They are also responsible for organizing community meetings and ensuring maximum participation of residents in the IDP review process.

**THE WARD COMMITTEES** have a crucial role of identifying the needs and service delivery gaps in the community and meet monthly, submit their sectorial reports and report to the Ward Councillor. Inxuba Yethemba Municipality has embraced and enrolled the government initiative of ward committees to ensure that service delivery is effective in all wards.

The functioning and operation of the ward committees in Inxuba Yethemba Municipality is through an approved municipal policy that is congruent to the provisions of Section 59 of the Municipal Systems Act. The Council approved policy is being implemented and contains the roles and responsibilities listed below:

- To serve as an official specialized participatory structure in the municipality;
- To create formal unbiased communication channels as well as cooperative partnerships between the community and the council. This may be achieved as follows:
  - Advise and make recommendations to the ward councillor on matters and policy affecting the ward;
  - Assist the ward Councillor in identifying challenges and needs of residents;
  - Disseminate information in the ward concerning municipal affairs such as the budget, integrated development planning, performance management system (PMS), service delivery options and municipal properties;

- Receive queries and complaints from residents concerning municipal service delivery, communicate it to council and provide feedback to the community on council's response;
- Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums; and Interact with other forums and organizations on matters affecting the ward.

To serve as a mobilizing agent for community action within the ward. This may be achieved as follows:

- Attending to all matters that affect and benefit the community;
- Acting in the best interest of the community;
- Ensure the active participation of the community in:
  - » Service payment campaigns;
  - » The integrated development planning process;
  - » The Municipality's budgetary process;
  - » Decisions about the provision of municipal services; and
  - » Decisions about by-laws.
- Decisions relating to implementation of Municipal Property Rates Act (MPRA)
- Delimitate and chair zonal meetings.

Composition of Ward Committees:

- A Ward Committee consists of the Councillor representing that ward in the Council who is also the chairperson of the committee, and not more than ten other persons.
- In the process of election of Ward Committee and consider the need for women to be equitably represented in a Ward Committee and for a diversity of interests in the ward to be represented.
- Gender equity was also pursued by ensuring that there is an even spread of men and women in a Ward Committee.

**2.18 PUBLIC MEETINGS:** The Implementation of the Communication Strategy to have effective public participation:

- Newsletter – is utilised for the purposes of communicating the projects, programmes and development.
- Suggestion boxes in all the municipal facilities
- Local and National Newspapers - This medium is used to communicate various messages that concerns the Municipality especially service delivery.
- Local and National Radio
- Ward Community Meetings – they are used to effectively promote maximum community participation in municipal affairs.
- Public meetings (*Imbizos*) - These meetings are conducted to provide a platform for the Municipality to communicate the level of projects and programmes undertaken by Council and further solicit input from communities and their (communities) buy-in thereof.
- Annual Report - The annual report is distributed to the stakeholders and community organizations that we have on our database and will be distributed to the community at large. This will also maximize the culture of community participation and access to information.
- Website - through this tool various stakeholders such as business community, foreign investors, NGO's and community at large will more access to information regarding the municipality and its area.
- IDP Structures are used for public participation and implementation of Inxuba Yethemba Municipality Communication Strategy.

A communication plan for public participation is developed and circulated to all councillors and IDP Structures. The IDP Structures meet as per the Council Approved IDP Process Plan Schedule.

### 2.18.1 PUBLIC MEETINGS

Public meetings are held with the Community especially as relates to the prioritising of Community and Infrastructure Projects.

Public Meetings	Dates	Venue
PUBLIC MEETING : Inxuba Yethemba Municipality and Sanral R56, ITCC and Weigh Bridge including Kuruson 2	27 February 2024	Mayors Garden
Introduction of the Contractor for Refurbishment of Sikhulu Street	12 March 2024	Vusubuntu Hall
IYM and Sanral: Introduction of the new road infrastructure	07 May 2024	Vusubuntu Hall
IYM AND Department of Human settlement ; Introduction of the Contractor for 195 houses and for retification of 200 houses in Middelburg	24 <sup>th</sup> May 2024	Lusaka Hall
IYM and SANRAL ; National route R390 Section 1; Cradock cutting	04 June 2024	Vusubuntu Hall
National Route N10 Section 4; witkrans nel cutting	05 June 2024	Middelburg Town Hall
Public meeting for election of PLC'S		
Handover of the Contractor Paving of ward 4 internal roads	02 July 2024	Vusubuntu Hall
Public meeting ; Verification of 195 beneficiaries for Lusaka project	21 August 2024	Lusaka Hall
IDP Roadshows	12-28 November 2024	ALL IYM HALLS
IDP Roadshow	08 -29 April 2024	All IYM Hall
Handover of Site Of 500 Rectification Houses to the Contractor	10 April 2025	Lusaka Hall
Progress Report on the Rectification of 500 houses.	11 April 2025	Middleburg Town Hall
Progress report on SANRAL	14 April 2025	Vusubuntu Cultural Village
SANRAL Progress Report:	14 April 2025	Vusubuntu Cultural Village
Introduction of Ambydale Contractor from feeds factory project to report on employment opportunities	20 June 2025	Middleburg Town Hall
Introduction of Contractor Project Name: Paving of Ekuphumleni & Dineni Street, with associated with storm water control	15 July 2025	Ekuphumleni Street KwaNonzame
Introduction of the project liason officer R390 RoadMac Project	11 August 2025	Vusubuntu Cultural Village
SOMA	10 September 2025	Eluxolweni Stadium
Introduction of Operators Kuruson 1	01 October 2025	Cradock Town Hall
IDP Roadshows	11- 30 November	All IYM Halls

## 2.19 IDP PARTICIPATION AND ALIGNMENT

**Table XX: 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?	No
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
* Section 26 Municipal Systems Act 2000	

## **2.20 COMMUNICATION**

### **2.20.1 Communications as a Function in the Municipality and Its Objectives**

Communications plays a vital strategic role in Inxuba Yethemba Local Municipality, serving as a key support function that enables effective engagement between the municipality and its internal and external stakeholders. The municipality communicates regularly with staff, Council, communities, partners, government departments and the media. For this reason, communication must be clear, accurate, ethical, unambiguous, well-coordinated and aligned with the municipality's Integrated Development Plan (IDP).

The Communications Unit is committed to a developmental communication approach, ensuring that communities are informed, empowered and actively involved in municipal decision-making processes. This approach supports socio-economic development by ensuring access to information, encouraging participation and amplifying community voices.

The Communications Unit is located within the Office of the Municipal Manager and reports administratively to the Manager: Strategic Support. This positioning reflects the strategic importance of communications within a political and administrative environment.

#### **(a) Objectives of the Communications Function**

- To encourage two-way communication between the municipality, communities and stakeholders.
- To enhance coordination of communication programmes and activities across the three spheres of government.
- To improve and strengthen internal communications within the municipality.
- To strengthen and professionalise media relations.
- To communicate service delivery programmes, government initiatives and municipal achievements effectively.

#### **(b) Responsibilities of the Communications Unit**

The Communications Unit is responsible for managing both internal and external communication activities of the municipality in a coherent, professional and ethical manner. Key responsibilities include:

#### **(c) Strategic Communication Support**

- Providing advice and support in planning municipal events and programmes.
- Ensuring communication aligns with municipal priorities, policies and the IDP.
- Coordinating communication activities to avoid duplication and conflicting schedules across spheres of government.

**(d) Communication Services**

The unit provides the following services:

- Advertising (including Facebook and other digital platforms)
- Community mobilisation
- Design and distribution of posters
- Photography and video services (editing costs borne by requesting departments)
- Public Address (PA) system support
- Branding and corporate identity management
- Social media management

**(e) Internal Communications**

- Producing internal newsletters and news flashes.
- Managing internal notices via email and notice boards.
- Supporting workshops and staff engagements.
- Ensuring the visibility of the municipality's vision, mission and values in municipal buildings.
- Facilitating the flow of information to create an informed workforce.

**(f) External Communications**

- Communicating policies, legislation, programmes, service delivery initiatives and municipal performance.
- Managing community newsletters, campaigns and public information initiatives.
- Promoting two-way communication and feedback from communities.

**(g) Website Management**

- Coordinating the placement and removal of content on the municipal website.
- Ensuring information is accurate, approved and regularly updated.
- Managing website links and design approvals in consultation with the Manager: Strategic Support.

**(h) Media Relations**

- Acting as the first point of contact for all media queries.
- Drafting and coordinating media responses and press statements.
- Monitoring and evaluating media coverage.
- Coordinating media briefings, conferences and corporate advertising.
- Ensuring compliance with the Code of Conduct for municipal employees.

**(i) Social Media Management**

- Managing municipal social media platforms in line with GCIS guidelines.
- Facilitating rapid, two-way communication with communities.
- Responding to service delivery queries and complaints.
- Enhancing accessibility, reach and cost-effectiveness of municipal communication.

**Plan of Action (2024/2025) and Achievements**

**Planned Actions**

1. Ensure a functional and regularly updated municipal website.
2. Secure approval of the Communications Strategy, Communications Policy and Social Media Policy.
3. Implement a structured newsletter programme over a five-year period.
4. Grow the municipality's Facebook presence to 24,000 followers.

### **Achievements (2024/2025)**

- The municipal website remained functional with regular updates coordinated through the Communications Unit and ICT.
- Communication-related policies and strategic documents were developed and submitted for approval.
- Quarterly internal and external newsletters were produced and distributed.
- The municipality maintained and grew its Facebook presence, improving community engagement and information sharing.
- Increased visibility of municipal programmes, campaigns and service delivery initiatives through coordinated communication efforts.

### **How Communications Works with Other Departments**

Communications operates as a collaborative partner to all municipal departments:

- Departments focus on service delivery, while Communications helps tell the story clearly and professionally.
- Communications works in partnership with departments and does not police or control them.
- Early involvement of Communications in projects and events ensures effective planning, community awareness and visibility.
- Communications ensures one clear and consistent municipal voice to avoid mixed or conflicting messages.
- Departments provide technical and factual information, while Communications translates it into clear, accessible messages.
- Media and public enquiries are handled jointly, with Communications coordinating responses and departments providing technical input.
- During crises or service disruptions, Communications works closely with relevant departments to keep communities informed and calm.
- Accountability remains shared: departments for delivery, Communications for messaging and alignment.

### **Improvements and Future Focus**

To further strengthen the function, the following improvements are proposed:

- Expansion to additional digital platforms, including the establishment of a municipal WhatsApp Channel.
- Increased engagement with a wider range of media houses to broaden coverage and reach.
- Continued strengthening of internal communication systems and staff engagement.
- Enhanced use of digital tools to improve responsiveness and community feedback mechanisms.

## **COMPONENT D: CORPORATE GOVERNANCE**

### **2.21 OVERVIEW OF CORPORATE GOVERNANCE**

Governance in Inxuba Yethemba Municipality encompasses line functions that pertain to political and administrative governance, audit, risk management, organisational and individual performance management, public participation and IDP, intergovernmental relations, public communication, human resource management, organisational development and legal services.

The governance function is supported by an independent Audit Committee, comprising external specialists who boast the necessary skills to provide effective oversight of the Municipality's systems of internal control, risk management and governance processes.

The Audit Committee is supported in its role by the Internal Audit function which performs audits in terms of an approved audit plan and reports to the Audit Committee on a quarterly basis. The Municipal Public Accounts Committee (MPAC) comprises independent Councillors.

#### **2.21.1 ENTERPRISE RISK MANAGEMENT**

##### ***Summary/ Highlights of Institutional Risk Management Performance:***

While there has been no significant change in the principal risks in the last year, the municipality operates in a dynamic environment where risks continue to evolve and the IYM continues to develop mitigation measures to address them. Emerging risks are considered as part of the risk assessment process and are identified through horizon scanning, continual dialogue with the business units and keeping abreast with changing environment. A summary of emerging risks continue to be monitored as part of the ongoing risk management processes and are presented to the Audit Committee for consideration.

The results of the mitigation actions for strategic and operational risk management processes are incorporated into monthly forecasts for follow up purposes and reported on quarterly. This means that the Audit Committee and Council also have access to an overall picture of the current risk situation via the documented reporting channels during the year.

While the operating risks cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, control systems, and standards of ethical behaviour are applied and managed by predetermined procedures and restraints.

The municipality is stepping up its efforts in ensuring that resources efficiency and control environment are managed effectively for sustainable economic growth to be impactful to society as a whole. The level of cooperation and strong collaboration with both internal and external stakeholders in the local government ecosystem have helped in improving the risk management outlook of the municipality. The valuable support and advisory role of COGTA, Provincial Treasury and CHDM towards monitoring the effective performance of IYM Risk Management Committee is much appreciated.

**(a) Membership of the Risk Management Committee**

No.	Name	Portfolio
1.	Mr MH Kali	Chairperson
2.	Mr MW. Mbebe	Municipal Manager
3.	Mr. S. Fokazi	Chief Financial Officer
4.	Mr S. Nomandela	Director: Technical Services
5.	Ms N. Makhwabe	Director: IPED
6.	Ms N.T Majiba	Director: Community Services
7.	Mrs. N. Makwabe	Director Corporate Services (Acting)

**(b) Other Stakeholders – Standing invitation to attend RIMCO Meetings**

No.	Institution Representation	Name of Representative
1.	COGTA	Mr S. Peter
2.	Department of Provincial Treasury	Mr O. Free
3.	Chris Hani District Municipality	Mr M. Delubom
4.	Office of the Auditor General	Senior Manager
5.	IYM -MPAC – Portfolio Head	Mr N. Biko
6.	COGTA	Ms B. Boya
7.	Department of Provincial Treasury	Ms N. Mtintsilana

**(c) Strategic Risk Assessment**

In response to the Institutional performance gaps noted through the under-achievement of the set performance targets, these highlight some areas of strengthening that were not 100% successful. To this effect, a detailed Strategic Risk Register with mitigating measures has been developed.

**Below is the Strategic Risk Assessment Report**

The wording of risks was agreed to by the participants. The quality of the results therefore depends on the knowledge, experience, and quality of input of the participants.

## 1.6 Way Forward

It is recommended that the following actions relevant to the risk management process should be implemented:

### *Rollout of action plans*

The action plans for improving or changing risk-mitigating measures must be rolled out within the indicated timeframes. It is important that a process of tracking progress made with risk interventions is followed. Such a process provides a trail of information that may prove to be necessary at some future stage. Good governance practices would expect this. Because risk is often a process of perception, misunderstandings can arise where no record is kept.

### *Periodic risk reporting*

The Anti-Fraud Risk Management Committee and the Audit and Performance Committee must receive credible and accurate information regarding the risk management processes of IYM to give the necessary oversight over the process and assurance to stakeholders. Monitoring and reporting enable IYM to:

- Pre-empt emerging risks;
- Ensure that current risk management practices are relevant and properly implemented;
- Identify areas of control weakness; and
- Provides the Directors and management with up-to-date risk information.

### *Periodic review of risks*

At least once a year IYM undertakes a thorough reassessment of its risks, using the methodology described in the Group ERM framework document.

## 2. SUMMARY OF RISK ASSESSMENT RESULTS

### 2.1 IYM's KPAs/ Strategic Objectives

Listed below are IYM's KPAs/ strategic objectives as discussed and confirmed during the risk assessment workshop. Management should continually re-align risks as the objectives change.

- Institutional Development and Municipal transformation
- Service delivery and basic infrastructure
- Local Economic Development
- Good Governance and public participation

Strategic risks were identified in consideration of the above KPAs/ strategic objective

2.2 Summary of the Strategic Risks – June 2024

The below table illustrates the seven strategic risks that were reviewed and agreed upon by management:

Ref: no	KPA	Risk category	Risk Description	Inherent risk	Residual risk
SRR 1	Basic Service Delivery and Infrastructure	Service Delivery	1. Inadequate provision of roads & storm-water, electricity, cemetery sites, landfill sites, pound facilities, land for agriculture and housing.	High 25	High 16,25
SRR 2	Local Economic Development	Service Delivery	Inability to create an enabling environment to develop and grow the local economy in Agriculture (livestock and crop production), SMME, Tourism, Land Use and Housing.	High 20	Very good 4
SRR 3	Municipal Transformation and Institutional Development	ICT	Ineffective Business Continuity System and security control measures.	High 25	High 20
SRR 4	Good Governance and Public Participation	Organisational Culture	Inability to subscribe to the beliefs and values of the organization	High 20	High 16

				High	20		
						Low	7,8
				High	20		

no	A	Risk category	Risk Description	Inherent risk	Residual risk
				High 25	High 16,25
				High 25	High 20

(d) Top 5 Strategic Risks were identified during 2024/25 per key performance area's strategic objectives:

KPA	Strategic Objective (As per Risk Register)	Related Strategic Risk	Comments
Basic Service Delivery and Infrastructure -	To ensure efficient infrastructure and energy supply that will contribute to the improvement of life for all citizens for Inxuba Yethemba	<ul style="list-style-type: none"> <li>Inadequate provision of roads, water, electricity and sanitation.</li> <li>Inability to meet the service delivery requirements</li> </ul>	<ul style="list-style-type: none"> <li>These Strategic Objectives and risk description have since been revised in the 2024/25 Risk Register. These will be reviewed by Committee and MPAC in the Oversight Report.</li> <li>The Municipality to do a reconciliation of the Strategic Objectives as per Strategic Planning Resolutions against the 2024/25 Draft IDP Objectives for consistency.</li> <li>Municipality will revise the Strategic Objectives as part of Mid-year review to ensure they are SMART</li> </ul>
Local Economic Development	<ul style="list-style-type: none"> <li>To facilitate sustainable economic empowerment for all communities within Inxuba Yethemba LM and enabling a viable and conducive economic environment through the development of related initiative including job creation and skills development</li> </ul>	Failure to create an enabling environment to develop and grow the local economy.	Same as above
Municipal Transformation and Institutional Development	<ul style="list-style-type: none"> <li>To provide an effective and efficient workforce by aligning our institutional arrangement to our overall strategy to deliver quality services</li> </ul>	<ul style="list-style-type: none"> <li>Inability to attract and retain competent and skilled labor force. (HR Related)</li> <li>Ineffective Business Continuity System and Security Control measures (ICT related)</li> </ul>	Same as above

<p><b>Good Governance and Public Participation</b></p>	<p>To create an efficient, effective , accountable and performance administration</p>	<ul style="list-style-type: none"> <li>• Inability to subscribe to the beliefs and values of the organization.</li> <li>• Non-compliance with Regulation</li> <li>• Public/Community apathy (loss of interest)</li> </ul>	<p>To focus is Administration, the Political is not included. The objective should be relating to the institution.</p>
<p><b>Financial Viability And Management</b></p>	<p>To ensure the financial sustainability of the Municipality in order to adhere to Statutory requirements</p>	<p>Inability to ensure sustainable ad effective management of financial resources</p>	<ul style="list-style-type: none"> <li>• These Strategic Objectives and risk description have since been revised in the 2024/25 Risk Register. These will be reviewed by Committee and MPAC in the Oversight Report.</li> <li>• The Municipality to do a reconciliation of the Strategic Objectives as per Strategic Planning Resolutions against the 2024/25 Draft IDP Objectives for consistency.</li> <li>• Municipality will revise the Strategic Objectives as part of Mid-year review to ensure they are SMART.</li> </ul>

**Below is the Institutional Strategic Risk Register containing the above Driving Risks**

Ref: no	KPA	Risk category	Risk Description	Residual risk	Risk Response (Treat, tolerate, transfer or explore)	Actions to improve management of the risk
SRR 1	Basic Service Delivery and Infrastructure	Service Delivery	<p>1. Inadequate provision of roads &amp; stormwater, electricity, cemetery sites, landfill sites, pound facilities, land for agriculture and housing</p> <p>2. Inadequate provision of water, sanitation, and housing.</p>	High 0,65 16,25	Treat	<p>1. Enhancement of the Implementation of infrastructure maintenance plan</p> <p>2. Lobbying for additional funding (proposals, business plan -during budget review through council resolutions)</p> <p>3. Continuous Engagements between Local and District MM/ Mayors, and</p> <p>4. Engagement between IYM and Human Settlement, Eastern Cape (Provincial IGR engagements)</p> <p>5. Engagements with CoGTA</p>

SRR 2	Local Economic Development	Service Delivery	Inability to create an enabling environment to develop and grow the local economy in Agriculture (livestock and crop production), SMME, Tourism, Land Use and Housing.	0,20 Low	4	Treat	N/A
SRR 3	Municipal Transformation and Institutional Development	ICT	<p>1. Ineffective Business Continuity System and security control measures</p> <p>2. Inadequate implementation of ERM framework</p>	0,8 High	20	Treat	<p>1. Develop disaster Recovery Plan</p> <p>2. Develop Disaster recovery Policy</p> <p>3. Develop ICT Back up Plan and Policy</p> <p>4. Develop Disaster Recovery Strategy and Test Plans</p>

<b>SRR 4</b>	Good Governance and Public Participation	Organisational Culture	Inability to subscribe to the beliefs and values of the organization	0,7	Medium	13	Treat	1. Development of the ToR Ethics Committee 2. Develop an Annual Schedule of meetings
<b>SRR 5</b>	Good Governance and Public Participation	Compliance/Regulatory	Failure to detect and prevent the occurrence of UIF & WE.	0,65	Medium	13	Treat	1. Develop a Procedure Manual, Compliance Register and/or Tool to monitor Compliance with Laws and Regulations. 2. Empower/increase the capacity (skills) of bid committees. 3. Development of ToR Ethics Committee.

SRR 6	Good Governance and Public Participation	Reputation	Inability to sustain good relations with the community.	0,65	Medium	7,8	Treat  1. Strengthen public participation, education, and communication mechanisms (awareness and workshops) 2. Rollout of the customer care policy (develop and implementation plan)
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<b>SRR 7</b>	Financial Viability And Management	Financial	<b>Inability to ensure sustainable and effective management of financial resources.</b>	0,65	Medium	13	<b>Treat</b>	<ol style="list-style-type: none"> <li>1. Conduct a meter audit and upgrade the existing meters that require upgrading.</li> <li>2. Development of an institutional comprehensive revenue enhancement strategy</li> <li>3. Rollout of the customer care policy (develop and implement plan)</li> </ol>
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**(c) Operational Risk Assessment**

**See Departmental-based Operational Risk Register for 2024/25**

No.	Priority Area	KPI	Risk Categories	Risk description at Operational Objective level	Actions to improve management of the risk	Action owner	POE
MMO 1	PMS	Number of institutional performance reports developed and submitted to council for noting	Compliance	Ineffective performance management	<ol style="list-style-type: none"> <li>1. Conduct a workshop on performance management and KPI champions on their targets (develop SOP/ on what, how, and when)</li> <li>2. Prepare a quarterly performance report (Submission of quarterly reports to the Audit Committee and RIMCO)</li> </ol>	Acting IDP/PMS Manager	<ol style="list-style-type: none"> <li>1. Invite, agenda/program, and attendance register</li> <li>2. Quarterly performance report</li> </ol>

<b>MMO 2</b>	Communication	Number of quarterly reports on the communication strategy programs implemented	Knowledge and Information management	<b>Inadequate implementation of communication processes Internally and Externally</b>	1. Continuous implementation of communication strategy 2. Develop, approve and implement communications policy	Communications Officer	1. Quarterly Reports 2. Approved Communications policy
<b>MMO 3</b>	SPU	Number of SPU programmes implemented	Governance	<b>Ineffectiveness of Special Programmes Unit</b>	1. Continuous implementation of SPU strategy 2. Appoint SPU coordinator 3. Develop, approve, and implement SPU policy.	1. Acting SPU coordinator 2. Municipal Manager 3. SPU Coordinator	1. Quarterly reports 2. Appointment letter 3. Approved SPU policy
<b>MMO 4</b>	Public Participation	Number of public participation strategy programs implemented	Compliance	<b>Ineffective implementation of public participation strategy and policy</b>	1. Continuous implement public participation strategy 2. Develop, approve and implement a petitions policy	Public participation officer	1. Quarterly Reports 2. Approved petition policy

<b>MMO 6</b>	Internal Audit	Number of internal audit programmes executed by financial year end	Governance	Ineffective internal audit unit and audit committee	<ol style="list-style-type: none"> <li>1. Enhance internal audit capacity (Senior IA &amp; internal auditor)</li> <li>2. Motivate for office space</li> <li>3. Develop and implement a risk-based Internal audit plan.</li> </ol>	<ol style="list-style-type: none"> <li>1. CAE</li> <li>2. CAE</li> <li>3. CAE</li> </ol>	<ol style="list-style-type: none"> <li>1. Appointment letters</li> <li>2. Invite, agenda, and attendance registers</li> <li>3. Internal audit plan progress report</li> </ol>
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Corporate Services Department

NO	KPI	Risk category	Risk description	Cause	Existing controls	Perceived control effectiveness	Residual risk	Actions to improve management of the risk	Action owner	POE
CS D 1	Municipal Transformation and Institutional Development	Human Resources	Ineffective implementation of leave management policy.	<ol style="list-style-type: none"> <li>Lack of consequence management</li> <li>Lack of leave policy understanding.</li> <li>Non-adherence to leave policy by supervisors and employees.</li> <li>Poor administration of leave by supervisors</li> <li>Failure to apply for leave by employees</li> </ol>	<ol style="list-style-type: none"> <li>Approve and attend leave policy.</li> <li>Induction of all employees on leave &amp; attendance policy.</li> <li>Monthly notices on leave credits (Payslips)</li> <li>Leave reconciliation (weekly)</li> </ol>	0,8	High	<ol style="list-style-type: none"> <li>Motivate for leave management to be a KPI of all supervisors &amp; managers.</li> <li>Leave and attendance policy reviewed annually</li> <li>Awareness of leave management policy.</li> <li>Quarterly leave credit notifications and leave reports are issued to all officials.</li> <li>Write an email to R-</li> </ol>	Human Resource Practitioner	<ol style="list-style-type: none"> <li>Motivation letter/ memo to MM/ CSD</li> <li>Invite, agenda, attendance register, and council resolution</li> <li>Invite, agenda, and att reg</li> <li>Quarterly reports and sampled letters of officials</li> <li>Proof of email</li> <li>Motivation letter/ memo to MM/ CSD</li> </ol>

CS D 2	Municipal Transformation and Institutional Development	Human Resources	Inability to fill vacant positions timely	1. Budget constraints and Poor Cashflow. 2. Poor implementation of HR recruitment policy. 3. Non-adherence	1. Approved organogram 2. Approved budget 3. Recruitment and	0,8	High	16	Data (system developers) to amend the system to curb leave days to 48 days (Implementation of termination of excess leave days ) 6. Motivate for the municipality to apply/ have an online leave management system.	Human Resource Practitioner	1. Signed Recruitment Process plan for IYM vacancies 2. Reports on appointments &
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CS D 3	Municipal Transformation and Institutional Development	Human Resources	Ineffectiveness of the Employment Equity Process	to the employment equity plan	selection policy	0,8	High	16	Human Resource Practitioner	<p>1. Review the existing employment equity plan</p> <p>2. Request assistance on the development of an effective equity plan from the Department of Labour</p> <p>3. Re-establishment of employment equity forum.</p>	<p>1. The 5-year equity plan and Council resolution for the approval of the plan</p> <p>2. Formal request letter to the Department of Labour</p> <p>3. Appointments letters of the forum.</p>	promotions
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CS D 4	Municipal Transformation and Institutional Development	Records Management	Ineffective municipal records management system.	<ol style="list-style-type: none"> <li>1. Non-existence of Records Management Policies.</li> <li>2. Lack of qualified personnel.</li> <li>3. Decentralized information system.</li> <li>4. No electronic document management systems</li> <li>5. Non-existence of file plan.</li> </ol>	1. Registry office	0,9	High	18	<ol style="list-style-type: none"> <li>1. Development of the Records Management Policy</li> <li>2. Develop a file plan.</li> <li>3. Develop a records management procedure manual.</li> </ol>	ICT Manager	<ol style="list-style-type: none"> <li>1. Records Management Policy</li> <li>2. Approved file plan</li> <li>3. Approved records management procedure manual.</li> </ol>
CS D 5	Municipal Transformation and Institutional Development	Records Management	Inadequate storage facilities	<ol style="list-style-type: none"> <li>1. Limited Filing Space</li> <li>2. Non-existence of digitised records management systems</li> <li>3. Lack of office</li> </ol>	1. Safe storage	0,9	High	18	<ol style="list-style-type: none"> <li>1. Revamping of the public works building to meet the National Archives Act standards (move the</li> </ol>	ICT Manager	<ol style="list-style-type: none"> <li>1. Progress report and physical verification upon completion</li> <li>2. Advert, appointment letter of the service provider and service</li> </ol>

CS D 6	Municipal Transformation and Institutional Development	Institutional capacity building	Ineffective skills development net	<p>1. Non-availability of funds.</p> <p>2. Non-corporation by department as they facilitate their own training.</p> <p>3. Non-payment of skills development levy</p> <p>4. Non-submission of proof of attendance and results.</p>	<p>1. Work skills plan</p> <p>2. Training and development policy</p> <p>3. Busary policy</p> <p>4. Training committee</p>	0,65	Low	5,2	<p>current office to the new building).</p> <p>2. Advertised for the installation of an electronic document management systems</p> <p>1. Submission of WSP</p>	Skills Development Facilitator	level agreement

<p><b>CS D 7</b></p>	<p>Municipal Transformation and Institutional Development</p>	<p>Labour Relations</p>	<p><b>Ineffective management of labour relations processes (Misconduct and unethical behavior).</b></p>	<p>1. Lack of Induction on legislations and policies  2. Lack of HR policy implementation  3. Lack of supervision  4. Non functionality of ethics committee  5. Non-existence of ethics policy</p>	<p>1. Approve d policies  2. Induction conducted on new and existing employees  3. Awareness workshop s on ethical behavior for supervisors and general employees.</p>	<p>0,65</p>	<p>Medium</p>	<p>10,4</p>	<p>1. Establish a Supervisor's Forum.  2. Conduct internal Awareness Workshops on Corporate Services policies</p>	<p>Labour Relations Officer</p>	<p>1. List of forum members and Invites, agenda, attendance registers and reports/minutes  2. Invites, agenda, attendance registers, and report</p>
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CS D 8	Number of employee assistance policy programmes implemented	Employee Assistance Programmes	Ineffective implementation of employee assistance programmes	1. Lack of conducive environment to conduct certain programmes/ Lack of office space 2. Budget constraints	1. EAP Policy 2. Bereavement Policy	0,65	Medium	10,4	1. Motivate for the availability of budget to perform/conduct EAP programmes. 2. Motivate for the availability of budget to renovate/furnish the identified building for the office space	EAP	1. Motivation letter 2. Motivation letter
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**ICT Department**

KPI	Risk description	Cause	Residual risk	Actions to improve management of the risk	POE
<b>ICT 1</b>	Number of ICT Projects Implemented  Inadequate server room facility and internal controls in the ICT environment.	1. Non-existence of Environmental Controls ( fire alarms, detectors, and humidity controls) 2. Lack of management oversight 3. Budget constraints	Medium <b>13,5</b>	1. Embark on Server room revamp project.	1. Service Provider Appointment Letter. 2. Completion letter.
<b>ICT 2</b>	Municipal Transformation and Institutional Development  Inadequate change management monitoring on servers.	1. Non adherence to change management policy. 2.Lack of change management policy implementation	Medium <b>9,75</b>	1. Convening a workshop with BTO & service providers on the change management policy.	1. Attendance register & minutes of the workshop.
<b>ICT 3</b>	Number of critical weekly data back-ups  Inability to run weekly data backups and to maintain 95 percent system uptime	1. Power Failure 2.Insufficient/ poor or no network connectivity between the system and servers 3. Dysfunctional UPS	Medium <b>9,75</b>	1. Continuous monitoring of UPS Performance	Quarterly report

<b>ICT 4</b>	Number of ICT Projects Implemented	Inadequate implementation of ICT Projects (ICT Disaster recovery site, Cradock server room upgrade, ICT help desk system, Procurement of Office 365 licenses, )	1. Budget constraints 2. Delays in SCM processes 3.	Medium	12	1. Continuous engagement with SCM 2. Continuous reporting on the implementation of ICT projects	1. Minutes of engagement/ email correspondence between ICT and SCM on the implementation of the ICT projects 2. Standing Committee Quarterly Reports
<b>ICT 5</b>	Municipal Transformation and Institutional Development	Ineffective ICT steering committee	1. Lack of management oversight of ICT functions 2. Non-functionality of the committee 3. No terms of reference for the ICT steering committee. 4. The committee structure is not representative of all critical stakeholders.	High	18	1. Re-establish the ICT Steering Committee 2. Develop terms of reference or ICT Steering Committee Charter 3. Develop a project implementation plan for the ICT Unit 4. Conduct quarterly ICT Steering Committee Meetings	1. Appointment letters of the members 2. Signed ICT Steering Committee Charter 3. Project implementation plan 4. ICT steering committee invite, agenda, attendance register, and signed minutes.

## Budget and Treasury

No.	KPI	Risk category	Risk description at Operational Objective level	Cause	Existing controls	Actions to improve management of the risk	Time scale
<b>BTO 1</b>	Number of creditors and SMME's not paid within 30 days	Financial risk	<b>Ineffective expenditure management.</b>	<ol style="list-style-type: none"> <li>1. Cash flow challenges</li> <li>2. Limited financial resources</li> <li>3. Non-adherence to cash flow projections.</li> <li>4. Failure to comply with payment policy</li> <li>5. Inadequate monitoring of expenditure.</li> <li>6. Low revenue collection</li> </ol>	<ol style="list-style-type: none"> <li>1. Council approved budget.</li> <li>2. SOPs on expenditure management</li> <li>3. Requisitions budget confirmation approvals</li> <li>4. Monthly reconciliation on grant expenditure. (function performed by CFO/ ISD)</li> <li>5. Monthly reconciliation of creditors</li> </ol>	<ol style="list-style-type: none"> <li>1. Prioritisation of creditors and SMME's payment.</li> <li>2. Perform monthly reconciliation on creditors</li> <li>3. Perform monthly reconciliation grant expenditure/ spending/ performance of grants</li> </ol>	<ol style="list-style-type: none"> <li>1. Quarterly</li> <li>2. Quarterly</li> <li>3. Quarterly</li> </ol>

<p><b>BTO 2</b></p>	<p>Total municipal own revenue (as a percentage of the total actual budget - of 65%) Cogta</p>	<p>Financial risk</p>	<p><b>Inability to fully implement the credit control policy.</b></p>	<p>1. Inaccurate customer database 2. Incorrect and incomplete billing 3. Lack of implementation of Credit Control Policy 4. Ineffective revenue enhancement strategy 5. Ineffective customer care/inquiries</p>	<p>1. Credit control policy &amp; property rates policy and bylaws and debt incentive policy 2. Cut off list 3. Indigent register 4. Panel of legal services to conduct debt collection for the municipality 5. Billing system 6. New general valuation roll</p> <p><b>Draft Revenue enhancement strategy</b></p>	<p>1. Continuous Data cleansing (updating of contact details. 2. Implementation of new General Valuation Roll 3. Migration of metering system from prepaid to STS 4. Appoint customer inquiries clerk (Cradock) 5. Purification of Indigent Register</p>	<p>1. <b>WWWWWWWWW</b> V 2. Quarter 1 3. Quarter 2 4. Quarter 2 5. Quarter 1</p>
<p><b>BTO 3</b></p>	<p>Number of compliant s71 Reports to be submitted for the current financial year</p>	<p>Compliance risk</p>	<p><b>Inadequate adherence to the MFMA Calendar</b></p>	<p>1. Lack of human capacity (Understaffing/ Vacancy rate) 2. Delays in monthly and end-of-year closure of the FY 3. Failure of the financial</p>	<p>1. Personnel performing the duties 2. On Job Assistance by Service Provider (R-data) 3. SOPs 4. MFMA 5. National Treasury submission deadlines.</p>	<p>1. Submission of section 71 reports 2. Training conducted by the National/Provincia I Treasury and service provider</p>	<p>1. Quarterly 2. June 2025</p>

BTO 4	Financial risk	Ineffective asset management	<p>management system (R-data/ Promune) 4.</p> <ol style="list-style-type: none"> <li>1. Non-existence of Asset Management Unit</li> <li>2. Lack of human resource and capacity</li> <li>3. Over reliance on service providers</li> <li>4. Inadequate safeguarding of assets</li> <li>5. Lack of understanding of asset management processes by municipal officials</li> </ol>	<ol style="list-style-type: none"> <li>1. Asset Management Policy</li> <li>2. Short-term insurance portfolio</li> <li>3. Financial Management System</li> <li>4. Asset Barcode / Tags.</li> <li>5. Annual Asset Verification.</li> <li>6. Fixed asset Register.</li> <li>7. Use of a specialised consultant for verification of immovable assets</li> </ol>	<ol style="list-style-type: none"> <li>1. Motivation of the establishment of an Asset Management Unit</li> <li>2. Identification of Asset champions per each directorate.</li> <li>3. Updating of Fixed Assets Register on a quarterly basis</li> <li>4. Monitor and Evaluate Skills transfer plan from the use of consultants' reduction plan.</li> </ol>	<ol style="list-style-type: none"> <li>1. December 2024</li> <li>2. December 2024</li> <li>3. Half-yearly (Dec &amp; June)</li> <li>4. September 2024</li> </ol>
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<b>BTO 5</b>	Financial risk	<b>Ineffective MSCOA committee</b>	<p>1. Lack of awareness on MSCOA in the organisation</p> <p>2. Frequent change of administrative leaders ( directors/ managers )</p> <p>3. Lack of capacity</p> <p>4. Overreliance on service providers on the implementation MSCOA</p>	<p>1. MSCOA workstreams by National Treasury</p> <p>2. MSCOA roadmap</p> <p>5. R-Data help desk</p>	<p>1. Resuscitate MSCOA steering committee</p> <p>2. Create MSCOA awareness campaigns for the municipality</p> <p>3. Extend/ expand on job training to other sections ( e.g risk management, ICT, Internal audit and PMS).</p> <p>4. Invite NT and IA in the steering committee meetings</p>	<p>1. September 2024</p> <p>2. September 2024</p> <p>3. September 2024</p> <p>4. Quarterly</p>
<b>BTO 6</b>	Financial risk	<b>Ineffective supply chain management</b>	<p>1. Shortage of SCM staff</p> <p>2. Late submission of demand forms from the user department</p> <p>3. Limited suppliers</p> <p>4. Incomplete and unclear specifications from users</p> <p>5. Poor planning of user</p>	<p>1. SCM Policy</p> <p>2. SCM Regulations</p> <p>3. Central Supplier Database</p> <p>4. Contracts management policy</p> <p>5. Contract register</p> <p>7. MFMA and Circulars</p> <p>8. Continuous Training of Bid Committees</p> <p>9. Standard Operating Procedure</p>	<p>1. Implementation of Standard Operating Procedures</p> <p>2. Continuous IYM staff workshop on SCM processes</p> <p>3. SMME workshops</p> <p>4. Reviewal of SCM organogram</p> <p>5. SCM policy workshop</p> <p>6. Register for CSD access (</p>	<p>1. Quarterly</p> <p>2. April 2025</p> <p>3. September 2024</p> <p>4. June 2025</p> <p>5. April 2025</p> <p>6. September 2024</p>

				<p>departments 6. Non-compliance with contracts management 7. Non-compliance with SCM processes and prescripts.</p>	<p>only permanent staff)</p>
<p><b>BTO 7</b></p>	<p>Number of Procurement Plans submitted to the Accounting Officer for approval</p>	<p>Financial risk</p>	<p><b>Ineffective inventory management</b></p>	<p>1. Inadequate/poor / lack of implementation of inventory management policy 2. Lack of segregation of duties 3. Inadequate staff/employees training on Inventory Management by the service provider (R-Data).</p>	<p>1. Inventory management policy 2. Security Systems 3. SOPs</p>
				<p>1. Inadequate/poor / lack of implementation of inventory management policy 2. Lack of segregation of duties 3. Inadequate staff/employees training on Inventory Management by the service provider (R-Data).</p>	<p>1. IYM staff workshop on Inventory Management Policy 2. Continuous Training on the Promune/ R-Data system 3. Perform reconciliation of the stock count with the inventory captured into the system</p>
					<p>1. April 2025 2. June 2025 3. Quarterly</p>

BTO 8		Financial risk	Inability to make third party payments on time /Late payment of third parties	<ol style="list-style-type: none"> <li>1. Low revenue collection</li> <li>2. Cash flow challenges</li> <li>3. Limited financial resources</li> </ol>	<ol style="list-style-type: none"> <li>1. Municipal Finance Management Act</li> <li>2. SARS Act, UIF Act, and Pension Fund Act, and SALGA (Collective Agreement)</li> <li>3. Council resolutions on salary agreements and implementation</li> </ol>	1. July 2024	
BTO 9		Financial risk	Inability to adequately Safeguard cash/ ineffectiveness implementation of cash management policy	<ol style="list-style-type: none"> <li>1. Irregular banking of cash/ non-adherence to banking policy</li> <li>2. Poor security over banking of cash.</li> <li>3. Non-performance of daily reconciliations.</li> <li>4. Use of manual receipting.</li> <li>5. Lack of segregation of duties</li> <li>6. Lack of supervision</li> </ol>	<ol style="list-style-type: none"> <li>1. Cash management policy</li> <li>2. SOP</li> <li>2. Financial System (R-data/ promune)</li> <li>3. Municipal Finance Management Act</li> <li>4. Security Services</li> <li>5. Daily reconciliation(System VS Banking)</li> </ol>	<ol style="list-style-type: none"> <li>1. Daily reconciliation reviewed by the Revenue Accountant</li> <li>2. Banking of cash as per the banking policy</li> <li>3. Training of cashiers (cash management and ethics)</li> </ol>	<ol style="list-style-type: none"> <li>1. Quarterly</li> <li>2. Quarterly</li> <li>3. Quarter 1</li> </ol>

<p><b>BTO 10</b></p>	<p>Financial risk</p>	<p><b>Ineffective contract management.</b></p>	<p>1. Lack of management review  2. Failure to update the Contract Register  3. SLAs not signed on time  4. Shortage of resources (staff)  5. Poor work quality of service providers  6. Ineffective monitoring of projects</p>	<p>1. Contract Management Policy  2. Contract Register  3. SCM Policy  4. Signed SLA's  5. MFMA  6. Quarterly contract management reports must be prepared and be tabled to the management and Council Committees.</p>	<p>1. To sign SLAs within 7/14 days after the appeals period  2. Submit the Section 116 report monthly  3. Conduct training for SCM officials and Project Manager on contract management  4. Develop SOPs</p>	<p>1. Quarterly  2. Quarterly  3. May 2025  4. June 2025</p>
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**IPED**

<b>NO.</b>	<b>KPI</b>	<b>Risk category</b>	<b>Risk description at Operational Objective level</b>	<b>Existing controls</b>	<b>Perceived control effectiveness</b>	<b>Actions to improve management of the risk</b>
<b>IPD 1</b>	Number of land use applications to be approved	Service delivery	Ineffective town planning system	<ol style="list-style-type: none"> <li>1. Existing town planning unit.</li> <li>2. Integrated land use scheme.</li> <li>3. Municipal Lawyers appointed (legal advice)</li> <li>4. SLUMA Act and By-laws</li> <li>5. Spatial Development Framework</li> </ol>	Satisfactory	<ol style="list-style-type: none"> <li>1. Procurement of the GIS System.</li> <li>2. Training for town planning and building control staff.</li> </ol>

IPD 2	Number of SMME capacitation training/workshop/ seminar conducted	Compliance	Ineffective SMME skills development	<ol style="list-style-type: none"> <li>1. Standardised form for skills development audit</li> <li>2. Annual approved skills development schedule</li> <li>3. Annual approved budget</li> <li>4. SMME and cooperative development plan</li> <li>5. LED Strategy (5 year plan)</li> </ol>	Satisfactory	<ol style="list-style-type: none"> <li>1. Conduct SMME Skills development audit</li> <li>2. Approved SMME skills schedule</li> <li>3. Improved public communication</li> <li>4.</li> </ol>
IPD 3	Number of building applications to be approved	Loss/theft of assets	Non- existence of municipal building plans	<ol style="list-style-type: none"> <li>1. Registration process has started.</li> <li>2. Rezoning has been done</li> <li>3. Building regulations</li> <li>4. National Building Act</li> </ol>	Unsatisfactory	<ol style="list-style-type: none"> <li>1. Write a Memo to PMU and identify all buildings that need building plans.</li> <li>2. Develop a specification of the required services</li> </ol>
IPD 4	Number of building applications to approved	Compliance	Ineffective implementation of building regulations/ Inability to implement building regulations	<ol style="list-style-type: none"> <li>1. Enforcement of Zoning Scheme &amp; SPLUMA Bylaw which regulates land development and building plans.</li> <li>2. Building Control Regulations</li> <li>3.</li> </ol>	Satisfactory	<ol style="list-style-type: none"> <li>1. Issuing of fines to illegal use of land.</li> <li>2. Conduct Community Awareness</li> </ol>

<b>IPD 5</b>	Number of tourism campaigns conducted	Operational	<b>Ineffective Implementation of Tourism Act 3 of 2014.</b>	<ol style="list-style-type: none"> <li>1. Budget from the District</li> <li>2. Heritage and tourism strategy</li> <li>3. Progressive tourism associations</li> <li>4. Tourism Officers</li> <li>5. Tourism information offices</li> <li>6. LED Strategy</li> </ol>	Satisfactory	<ol style="list-style-type: none"> <li>1. Meeting with the Chris Hani District Municipality</li> <li>2. Conduct awareness campaigns</li> <li>3. Participation of IYM tourism in the SAN Park Forum</li> </ol>
<b>IPD 7</b>	Number of meters of fence to be erected at IYM Commonages	Service delivery	<b>Inability to provide adequate support to Middelburg emerging farmers.</b>	<ol style="list-style-type: none"> <li>1. EPWP temporary workers</li> <li>2. Impoundment of livestock by pound master.</li> <li>3. Assistance by municipal Traffic Officers</li> </ol>	Weak	<ol style="list-style-type: none"> <li>1. Motivation Memorandum for the Appointment of permanent commonage general workers at the Middelburg Unit.</li> <li>2. Motivation Memorandum for the Appointment of a Security Officer for the impoundment area/ confinement area</li> </ol>
<b>IPD 8</b>	Consumer education on human settlement programs.	Human Settlement	<b>Inadequate flow of human settlement information</b>	<ol style="list-style-type: none"> <li>1. National Housing Act</li> <li>2. Natinoal Housing Code</li> <li>3. National housing needs register (needs register)</li> <li>4. Trained IYM human settlement staff</li> </ol>	Good	<ol style="list-style-type: none"> <li>1. Conduct consumer/community education</li> </ol>

**Technical Services**

NO.	KPI	Risk category	Risk description at Operational Objective level	Existing controls	Risk Response (Treat, terminate, tolerate, transfer or explore)	Risk owner	Actions to improve management of the risk	POE
TSD 1	Number of road segments to be patched in order to repair potholes	Service delivery	Inability to maintain good quality roads	<ol style="list-style-type: none"> <li>1. Recruitment of EPWP staff to ogment.</li> <li>2. Implementation of Infrastructure Maintenance plan (reviewed annually)</li> <li>3. Use of Rural Road Asset Management Systems (RRAMS)</li> <li>4. Assistance from DOT</li> <li>5. Implementation of the 3-Year Roads Maintenance Materials and Machinery Tender</li> <li>6. Implementation of the 3-Year Capital Plan</li> <li>7. Traffic law enforcement</li> </ol>	Treat	Director: Technical Services	<ol style="list-style-type: none"> <li>1. Filling of critical vacant posts.</li> <li>2. Increase funding for internal road upgrades and maintenance</li> <li>3. Implementation of the maintenance plan</li> </ol>	<ol style="list-style-type: none"> <li>1. Request Memo to Cooperate Services (List of vacant positions in the section)</li> <li>2. Institutional Maintenance budget and 3 Year Capital Plan</li> <li>3. Standing Committee Quarterly Reports</li> </ol>

<b>TSD 2</b>	Number of street lights repaired	Service delivery	<b>Inability to provide sufficient street lighting</b>	<p>1. Infrastructure Maintenance plan</p> <p>2. Implementation of Three year capital plan</p> <p>3. Installed highmast lights</p>	Treat	Director: Technical Services	<p>1. Budget allocation and Implementation of the maintenance plan (street lights).</p> <p>2. Procurement of cherry picker.</p>	<p>1. Standing Committee Quarterly Reports</p> <p>2. Specification and BSC meeting /Budget adjustment</p>
<b>TSD 3</b>	Number of actions undertaken to reduce electricity losses	Service delivery	<b>Inability to maintain electricity infrastructure</b>	<p>1. Infrastructure Maintenance plan (Routine inspection)</p> <p>2. Implementation of disconnection and connection list</p> <p>3. Implementation of TID/STS rollover</p> <p>4. Replacement of old meters with split meters</p>	Treat	Director: Technical Services	<p>1. Inspection of bulk meters</p> <p>2. Fencing of substations</p> <p>3. Updating of Electricity MasterPlan</p> <p>4. Statutory training for personnel</p>	<p>1. Standing Committee Quarterly Report</p> <p>2. Specification and minutes of the BSC</p> <p>3. Updated Electricity Master Plan</p> <p>4. Training Request matrix to be forwarded to skills development officer and OHS officer</p>

**Community Services**

<b>NO.</b>	<b>KPI</b>	<b>Risk Categories</b>	<b>Risk description at Operational Objective level</b>	<b>Cause</b>	<b>Existing controls</b>	<b>Risk Response (Treat, terminate, tolerate, transfer or explore)</b>	<b>Risk owner</b>	<b>Actions to improve management of the risk</b>	<b>Action owner</b>	<b>POE</b>
<b>COM 1</b>	Conduct an EIA for new landfill site in Cradock	Service delivery	The landfill site is licensed for closure and will expire in 2025	1. Landfill site has reached its full lifespan. 2. The existing location is not suitable for a Landfill site.	1. There is an appointed service provider that is rehabilitating the site. 2. Environmental Awareness is done Monthly. 3. A new site location has been identified and there are existing	Treat	Municipal Manager	1. Appointment of a service provider to do a Environmental Impact Assessment for the new site.	1. Director : Community Services 2. Superintendent : Cleansing	1. Advert and Appointment letter.

<b>CO M 2</b>	Number of facilities maintained	Service delivery	<b>Insufficient burial sites at the Cradock Central Cemetery</b>	1. Limited capacity due to deaths. 2. The Central Cemetery has been in existence/ utilised for the past 12 years.	designs of the site. Utilising the other functional sites.	<b>Treat</b>	Municipal Manager	1. Advertising/ Appointment letter of service provider for blasting.	1. Director : Community Services 2. Superintendent : Parks and Gardens.	1. Advert and Appointment letter.
<b>CO M 3</b>	Number of Vehicles tested	Service Delivery	<b>Inability to provide adequate traffic services (vehicle testing services)</b>	1. Outdated and un-serviced testing machines. 2. Non-functioning of 2 vehicle testing stations.	None existence of the service within the Municipality.	<b>Treat</b>	Municipal Manager	1. Upgrading of the Vehicle Testing Stations	Director: Community Services and Protection services	1. Appointment Letter of the service provider 2. Completion certificate and Physical verification of the two-vehicle testing stations
<b>CO M 4</b>	Pounding of stray animals	Service delivery	<b>Inability to provide adequate efficient</b>	1. Budget constraints 2. Non-existence	1. Pound Assistance are in	<b>Treat</b>	Municipal Manager	1. Construction of pounds (Cradock)	Director Community Services & Manager :	1. Appointment letter of a service

<p><b>CO M 5</b></p>	<p>Number of law enforcement fines issued</p>	<p>Financial</p>	<p><b>Ineffective law enforcement on the collection of fines</b></p>	<p>1. No fine collection system 2. Non-payment of fines</p>	<p>1. Road Traffic Management Act 2. Traffic officers 3. Traffic Management Operational Plan</p>	<p><b>Treat</b></p>	<p>Municipal Manager</p>	<p>1. Report on the execution of warrants for arrest and the number of fines issued quarterly 2. Report on activities</p>	<p>Director Community Services &amp; Protection Manager : Protection services</p>	<p>2. Provision of pound vehicles 3. Appointment of pound masters.</p>	<p>Protection services</p>	<p>provider and Physical verification of the structure. 2. Proof of purchase of the motor vehicle and Physical verification of the vehicles. 3. Appointment letters of the pound masters</p>
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CO M 6	Number of facilities maintained	Service delivery	Inability to perform adequate community services functions (parks, and gardens)	<ol style="list-style-type: none"> <li>1. Old vehicles that are prone to breakdown</li> <li>2. Non-centralisation of fleet management unit</li> <li>3. Ineffective fleet management</li> <li>4. Budget constraints</li> </ol>	Health Act Policies (Cemetery by-laws National Environmental Act	Treat	Municipal Manager	1. Purchase of the Cherry Picker	<ol style="list-style-type: none"> <li>1. Director : Community Services</li> <li>2. Superintendent :</li> <li>3. All fleet users</li> </ol>	1. Proof of purchase and physical verification	conducted as per the traffic management operational plan.
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**(e) Risk Management monitoring process**

Risk Management monitoring is done Quarterly through risk monitoring reports that provide progress on the implementation of the risk mitigation measures and the movement of the residual risk. The process for the compilation and submission of Risk Management Monitoring report was generally conducted as follows;

1. Development of a monitoring tool for directorates to update implementation of risk mitigation measures.
2. Upon receiving the monitoring tool, POE's are validated and risk management report is consolidated
3. Risk management report is submitted to risk management committee for consideration.

**(f) Risk Management Annual Work Plan – 2024/25 (Refer Next Page)**

**Risk Management Annual Work Plan – 2024/25**

Activity	Q1	Q 2	Q3	Q4	OUTCOME	Responsible Person	Progress
Terms of reference for the Risk Management Committee				✓	Approved Risk Management Committee Charter to include Risk Management, Anti-Fraud & Corruption, Loss Prevention and Management, Business Continuity and Ethics responsibilities.	Manager: Internal Audit and Risk Management	Achieved. Risk Management TOR were reviewed by the RIMCO and endorsed by Council in June 2025.
Appointment of Risk Champions	✓				Capacitated Risk Champions on their roles and responsibilities.	Municipal Manager	Achieved. Risk champions were appointed in July 2024
Appointment of the Risk Management Committee Members.	✓				Appointment letter for the Risk Management Committee Members	Municipal Manager	Achieved. RIMCO Members were appointed in July 2024
Monitor the implementation of Risk Management Action Plan in all departments. ➤ Strategic Risks ➤ Operational Risks ➤ ICT Risks ➤ Fraud Risks ➤ OHS Risks	✓	✓	✓	✓	Issue and present a Monitoring report to Risk Committee and Audit Committee Reviewed Risk Management Action Plan.	Risk Management Officer	Achieved. Q4 monitoring has been performed and report will be tabled in the Q4 ordinary meeting.
Update the Risk Register with Auditor General Findings			✓		Report on emerging Risk to Risk Management Committee and Audit Committee	Risk Management Officer	Achieved. The risks identified from AG's report for are risks that were identified by management during the risk assessment. These recurring risks have been captured and documented in the risk register accordingly.

Update the Risk Register with Internal Audit Findings	✓	✓	✓	✓	Report on emerging Risk to Risk Management Committee and Audit Committee	Risk Management Officer	The risks identified from the Internal Audit reports for the quarter are consistent with those reported in the previous quarters. These recurring risks have been captured and documented in the risk registers accordingly.
Conduct Risk Assessment workshop for 2025-2026		✓			Risk registers	Manager: Internal Audit and Risk Management	Achieved. Risk Assessment was initially planned for Q3, however the process could not unfold as planned and was rescheduled for quarter 4. The risk assessment was subsequently conducted in May 2025.
Capacitation of risk management champions		✓			Capacitated risk management champions.	Manager: Internal Audit and Risk Management	Achieved. The municipality conducted the risk champions training in February 2025 with the assistance of CoGTA.
Conduct Fraud awareness workshop to Councillors and Employees		✓			Capacitated Councillors and officials on fraud prevention	Manager: Internal Audit and Risk Management	Partially Achieved. The municipality conducted the fraud and anti-corruption awareness workshop for officials on the 18 <sup>th</sup> March 2025 with the

Risk Management Committee Meetings	✓	✓	✓	✓	✓	Minutes of Meeting to monitor the implementation of the Risk Plan.	Manager: Internal Audit and Risk Management	assistance of the CHDM risk management team Achieved Q4 Ordinary RIMCO meeting has been scheduled for 22 <sup>nd</sup> July 2025. All quarters- Achieved
Audit Committee Meetings	✓	✓	✓	✓	✓	Reports are produced on a quarterly basis to portfolio Committees.	Manager: Internal Audit and Risk Management	Achieved Q4 report will be presented in the next AC meeting scheduled for the 28 <sup>th</sup> July 2025. All quarters- Achieved
Develop a Risk Management Implementation Plan for 2025/26					✓	Risk Management Implementation Plan for 2025/26	Manager: Internal Audit and Risk Management	Achieved. The plan was developed and approved by the Risk Management Committee in June 2025

**(g) Risk Management Implementation Status as at 30 June 2025.**

**RISK MANAGEMENT COMMITTEE (RIMCO) REPORT - 30 JUNE 2025**

**1. Risk Management Committee Meetings**

The RIMCO meeting of the 22 July 2025 was attended virtually (online) as shown here below and members present had no declared conflict of interests in the aforesaid meeting.

<b>RIMCO Members and Special Meeting Attendance</b>					
No.	Name	Portfolio	Present	Apology	Absent
1.	Mr MH Kali	Chairperson	✓		
2.	Mr MW. Mbebe	Municipal Manager		➤	
3.	Mr S. Fokazi	Chief Financial Officer	✓		
4.	Mr S. Nomandela	Director: Technical Services	✓		
5.	Ms N. Makhwabe	Director: IPED	✓		
6.	Ms N.T Majiba	Director: Community Services	✓		
7.	Ms N. Makhwabe	Director Corporate Services (Acting)	✓		

**Other Stakeholders – Standing invitation to attend RIMCO Meetings**

No.	Institution	Representative	Present	Apology	Absent
1.	COGTA	Mr S. Peter			
2.	Department of Provincial Treasury	Mr O. Free		➤	
3.	Chris Hani District Municipality	Mr M. Delubom			➤
4.	Office of the Auditor General				✓
5.	IYM -MPAC – Portfolio Head	Mr N. Biko			
6.	COGTA	Ms B. Boya	✓		
7.	COGTA	Mr S. Galada		➤	
8.	Department of Provincial Treasury	Ms N. Mtintsilana		➤	

**In Attendance – Office of Internal Audit & Risk to provide secretariat services to RIMCO Meetings**

No.	Name	Portfolio
1.	Ms P. Notshulwana	Internal Audit & Risk Manager (CAE)
2.	Ms. A Mkonqo	Risk Management Officer (Apology)
3.	Mr A. Ntshongo	Intern – Internal Audit
4.	Mr L. Notshulwana	Intern – Internal Audit

**Management Office & Other**

Ms. B. Serobebe	Manager, Office of the MM	
Mr S. Myeni	Acting Manager, ICT	
Ms L. Pamba	Acting Manager, IDP/PMS	Apology
Mr S. Luzipo	SMME Officer	

**2. MATERIALISED RISKS FOR 2024/25 FY**

No.	Risk Description	Cause	Effects
Community Services	Insufficient burial sites for Cradock Central Cemetery	1.Limited capacity due to increase in deaths. 2.Central Cemetery has been in existence or utilised for more than 12 years	1.Unavailability of burial sites 2. Loss of revenue 3.Poor service delivery 4. Community unrest or protest

**3. ANNUAL COMPARITIVE QUARTERLY REPORT**



**4. FOLLOW-UP ON RISK MANAGEMENT MONITORING FOR QUARTER 3 OF 2024/25 FINANCIAL YEAR**

Operational Risks -4 Mitigation Plans - 4					
Achieved	Partially Addressed	Not Achieved	None/ N/A	Comments	
50%	25%	25%	0	There were some improvements on the progress made.	
2	1	1	0		

**OPERATIONAL MITIGATION PLANS**

**ANNEXURE A- CORPORATE SERVICES**

Risk no.	Risk description	Actions to improve management of the risk	Action	Expected portfolio of evidence	Previous	Remedial Action Previously Reported	Current Progress	Revised Time Scale
CSD 5	Inadequate storage facilities	Advertised for the installation of an electronic document management systems	ICT Manager	Advert, appointment letter of the service provider and service level agreement	Partially Achieved	The projects are currently in the advertising phase.	<b>NOT ACHIEVED</b> It was noted that project was under budgeted and therefore the project had to be postponed to the 2025/26 financial year. Furthermore, the Electronic Document Management System will be a stand alone project.	2025/26 - Quarter 3

ANNEXURE B- IPED								
Risk no.	Risk description	Actions to improve management of the risk	Action owner	Expected Portfolio of evidence	Previous Progress	Remedial Action Previously Reported	Current Progress	Revised Time Scale
IPD 4	Ineffective implementation of building regulations/ Inability to implement building regulations.	Conduct Community Awareness	Town Planning Manager	Invite, agenda, attendance registers, and reports	Not Achieved	The Section has decided to re-schedule a suitable date with the officials from district's Fire Department, SALGA, COGTA and National Home Builders Registration Council.	Achieved	N/A

ANNEXURE C- OHS								
Risk no.	Risk description	Actions to improve management of the risk	Action owner	Expected portfolio of evidence	Previous Progress	Remedial Action Previously Reported	Current Progress	Revised Time Scale

OHS 2	<p>Inability to pay COVID levies/contributions.</p>	<p>Payment arrangement with DoL/ Payments to DoL</p>	<p>OHS Officer</p>	<p>Proof of payment to DoL</p>	<p>Partially Achieved</p>	<p>The municipality was advised by the DoL officials to make a payment arrangement at the beginning of their financial year as that will provide enough time (12 months) to make payments. The status of the resolution will remain in-progress till the payment arrangement is made.</p> <p>OHS will send a reminder to the Director Corporate Services, CFO and the MM towards the beginning of DoLs financial year (April) in order to make the payment arrangement.</p>	<p>Payment plan is currently with the Office of the MM, the municipality cannot make arrangements which might not be honoured due to financial constraints. However, there is an email written to DoL requesting interaction with the department to discuss waver of interest in the whole capital debt.</p>	<p>2025/26</p>
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ANNEXURE D- ICT

Risk no.	Risk description	Actions to improve management of the risk	Action owner	Expected portfolio of evidence	Previous Progress Reported	Remedial Action Previously Reported	Current Progress	Revised Time Scale
ICT 4	Inadequate implementation of ICT Projects (ICT Disaster recovery site, ICT help desk system, Procurement of Office 365 licenses)	1. Continuous engagement with SCM	ICT Manager	1. Minutes of engagement/ email correspondence between ICT and SCM on the implementation of the ICT projects	Partially Achieved	Partially Communication between ICT and SCM was done verbally, and therefore, no evidence may be submitted. ICT and SCM will formalise the communication of any of the ICT projects in order to have sufficient evidence.	Achieved	N/A

**5. RISK MANAGEMENT MONITORING FOR QUARTER 4**

**1. Summary of results**

**STRATEGIC RISK IMPLEMENTATION PLAN SUMMARY REPORT**

RISK PROFILE	NO. OF MITIGATION PLANS FOR Q4	ACHIEVED	PARTIALLY ACHIEVED	NOT ACHIEVED	PERCENTAGES OF ACHIEVED TARGETS
Strategic risks	6	6	0	0	100%

**OPERATIONAL RISK IMPLEMENTATION SUMMARY REPORT**

DIRECTORATES	NO. OF MITIGATION PLANS FOR Q 4	ACHIEVED	PARTIALLY ACHIEVED	NOT ACHIEVED	NONE	PERCENTAGES OF ACHIEVED TARGETS
Corporate Services	5	4	0	1	0	80%
Community Services	1	1	0	0	0	100%
Municipal Managers Office	8	5	0	3	0	63%
Technical Services	5	4	0	1	0	80%
BTO	13	13	0	0	0	100%
IPED	3	3	0	0	0	100%
Occupational health and safety	3	3	0	0	0	100%
Information and communication technology	4	4	0	0	0	100%
<b>TOTAL</b>	<b>42</b>	<b>37</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>88%</b>

**FRAUD RISK IMPLEMENTATION PLAN SUMMARY REPORT**

RISK PROFILE	NO. OF MITIGATION PLANS FOR Q 4	ACHIEVED	PARTIALLY ACHIEVED	NOT ACHIEVED	NONE	PERCENTAGES OF ACHIEVED TARGETS
Fraud Risks	16	10	3	2	1	63%

## 6. TOP 10 STRATEGIC & OPERATIONAL RISKS FOR 2025/26 FY(TO REVISE)

The table below illustrates the top nine (9) Strategic Risks

Ref: no	KPA	Risk category	Risk Description	Inherent risk	Residual risk
SRR 1	Basic Service Delivery and Infrastructure	Service Delivery	Inadequate provision of basic infrastructure services and spatial development (electricity, storm water, roads, landfill sites, pound facilities, housing, land for human settlement, <i>water and sanitation</i> )	High 25	High 16,25
SRR 2	Local Economic Development	Service Delivery	Ineffective measures to create an enabling environment to create jobs, develop and grow the local economy in Agriculture (livestock and crop production), SMME, Tourism, Land Use, and Housing.	High 20	Medium 13
SRR 3	Municipal Transformation and Institutional Development	ICT	Ineffective Business Continuity System and security control measures	High 25	High 20
SRR 4	Municipal Transformation and Institutional Development	Human Resources	Inability to attract, retain, and develop the suitable and skilled personnel to fulfil the municipal mandate.	High 25	High 20
SRR 5	Good Governance and Public Participation	Organisational Culture	Inability to subscribe to the beliefs and values of the organization	High 20	Medium 13
SRR 6	Good Governance and Public Participation	Compliance/Regulatory	Failure to prevent and detect the occurrence of UIF & WE.	High 20	Medium 13

<b>SRR 7</b>	Good Governance and Public Participation		<b>Stagnant audit outcomes</b>	<b>High</b>	<b>16</b>	<b>Medium</b>	<b>10,4</b>
<b>SRR 8</b>	Good Governance and Public Participation	Reputation	<b>Inability to sustain good relations with the community.</b>	<b>Medium</b>	<b>12</b>	<b>Medium</b>	<b>7,8</b>
<b>SRR 9</b>	Financial Viability and Management	Financial	<b>Inability to ensure sustainable and effective management of financial resources.</b>	<b>High</b>	<b>16</b>	<b>Medium</b>	<b>10,4</b>

The table below illustrates the top ten (10) Operational Risks

BUDGET AND TREASURY OFFICE						
No.	KPI	Risk category	Risk description	Inherent risk	Residual risk	
BTO 4	To ensure the financial sustainability of the municipality in order to adhere to statutory requirements.	Financial risk	Ineffective asset management	High	High	20
BTO 7	Number of SCM reports on the implementation of supply chain management policy submitted to the Council.	Financial risk	Ineffective supply chain management	High	High	16
CORPORATE SERVICES						
NO.	KPI	Risk category	Risk description	Inherent risk	Residual risk	
CSD 4	Ensure efficient records management	Records Management	Ineffective municipal records management system.	High	High	18
CSD 5	Ensure efficient records management	Records Management	Inadequate storage facilities	High	High	18
INFORMATION AND COMMUNICATION TECHNOLOGY						
NO.	KPI	Risk category	Risk description	Inherent risk	Residual risk	
ICT 4	Number of ICT Projects Implemented	ICT	Inadequate Implementation of ICT Projects (ICT Disaster recovery site, Cradock server room upgrade, ICT help desk	High	High	20

				system, Procurement of Office 365 licenses)				
TECHNICAL SERVICES								
NO.	KPI	Risk category	Risk description	Inherent risk	Residual risk			
TSD 1	Number of road segments to be patched in order to repair potholes	Service delivery	Inability to maintain good-quality roads	High	High	25	High	16,3
LITIGATIONS								
NO.	KPI	Risk category	Risk description	Inherent risk	Residual risk			
LIT-RR 1	Municipal Transformation and Institutional Development	Litigations	Increased litigation costs	High	High	20	High	16
OCCUPATIONAL HEALTH AND SAFETY								
NO.	KPI	Risk category	Risk description	Inherent risk	Residual risk			
OHS 1	Create healthy and safe environment in the workplace	Health & Safety	Inability to pay COVID levies/contributions.	High	High	20	High	16
INTEGRATED PLANNING AND ECONOMIC DEVELOPMENT								
NO.	KPI	Risk category	Risk description	Inherent risk	Residual risk			
IPD 3	Number of building applications to be approved.	Loss/theft of assets	Non-existence of municipal building plans	High	High	20	High	18

COMMUNITY SERVICES						
NO.	KPI	Risk Categories	Risk description	Inherent risk	Residual risk	
COM 6	Number of facilities maintained	Service delivery	Inability to perform adequate community services functions (parks, and gardens)	High	High	22,5

## 7. ICT PROJECT IMPLEMENTATION PLAN

(g) Risks deferred to 2024/25 financial year.

DEFERRED RISKS FROM 2024.25 FY TO 2025.26 FY

Risk Ref.	Risk Description	Actions to improve management of the risk/ Mitigation Plans	Action Owner	Expected portfolio of evidence	Progress	Challenges/ Reasons for not achieving	Remedial Actions	Revised Time Scale	Residual
<b>COMMUNITY SERVICES</b>									
COM 4	Inability to provide adequate, efficient pounding services	1. Construction of pounds (Cradock)	Manager: Protection services	1. Appointment letter of a service provider and Physical verification of the structure.	Not Achieved	Pound construction will be facilitated in the next financial year due to financial constraints.	N/A	2025/26 financial year	High
		2. Provision of pound vehicles	Manager : Protection services	2. Proof of purchase of the motor vehicle and Physical verification of the vehicle.	Not Achieved	Pound vehicles will be purchased in the next financial year due to financial constraints.	N/A	2025/26 financial year	High

**MUNICIPAL MANAGERS' OFFICE**

MMO 3	Ineffectiveness of Special Programmes Unit	2. Appoint SPU coordinator	Municipal Manager	2. Appointment letter	Not Achieved	The recruitment process was on hold due to the Corporate Services Department conducting a departmental staff establishment review in preparation for the organizational structure review	Appointment of SPU coordinator to be deferred to 2025/26 FY	2025/26 FY	High
MMO 2	Inadequate implementation of communication processes Internally and externally	2. Develop, approve and implement communications policy	Communications Officer	2. Approved Communications policy	Not Achieved	The municipality does not have a policy; however, is currently utilising the communication strategy for its operations.	The municipality will benchmark and develop a communication policy in the 2025/26 financial year.	2025/26	High
MMO 3	Ineffectiveness of Special Programmes Unit	2. Develop, approve, and implement SPU policy.		2. Approved SPU policy	Not Achieved	The municipality does not have a policy however, is currently utilising the SPU strategy for its operations.	The municipality will benchmark and develop a SPU policy in the 2025/26 financial year.	2025/26 Quarter 4	High

MMO 6	Ineffective internal audit unit and audit committee	1. Enhance internal audit capacity (Senior IA & internal auditor)	CAE	1. Appointment letters	Not Achieved	The Internal Auditor position has been submitted and is currently going through all the stages before being advertised.	The municipal structure has been revised, and the position of the Senior Internal Auditor has been removed and will be considered in the 2026/27 financial year.	2025/26 (Quarter 2)	High
<b>TECHNICAL SERVICES</b>									
TSD 2	Inability to provide sufficient street lighting	2. Procurement of cherry picker.	Manager: M&F	2. Specification and BSC meeting /Budget adjustment	Not Achieved	Financial Constraints	Included in the 2025/26 procurement plan	2025/26	High
<b>FRAUD RISKS</b>									
FR 5	Fuel theft	1. Establishment of Fleet Management Unit	HR Practitioner	1. Appointment letters	Partially Achieved	The Fleet Management Unit will be combined with the Asset Management Unit.	The recruitment processes have been completed for the Asset Management Official and will resume duties soon.	205/26 financial year	High



**(h) Risk Management and Risk Management Committee Resolutions - 30 June 2025**

**RISK MANAGEMENT AND RISK MANAGEMENT COMMITTEE RESOLUTION REGISTER**

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Level Of Implementation	2023/24 and 2024/25	
	Performance	
Implemented	21	
In-Progress/Partially implemented	8	
Not Implemented	3	
<b>TOTAL</b>	<b>32</b>	

**2024/25 RISK MANAGEMENT AND RISK MANAGEMENT COMMITTEE RESOLUTIONS**

Item No.	Resolution	Responsible Person	Progress	Status
19 <sup>TH</sup> JULY 2024				
14	The municipal manager's office will contact Mr. Deluborn for the business continuity plan, strategy, and policy. CHDM will be assisting in the development of the business continuity plan	Manager of the MM Office	The Manager has consulted with Mr Deluborn and he provided the CHDM Business Continuity Plan and the Framework as a guide in the finalisation of the IYM BCP.	Implemented

19/07/2024	15	<p>The Acting CFO is to draft a report reflecting the following:</p> <ul style="list-style-type: none"> <li>• Services rendered by the service providers (do not mention names of service providers)</li> <li>• The overall value of the consultants</li> <li>• Skills transfer plan and how will it impact the municipality</li> <li>• How the municipality plans to move away from the use of service providers</li> </ul>	Acting CFO	Addressed	Implemented
23 <sup>RD</sup> OCTOBER 2024					

23/10/2024	16	<p>As per resolution 15/01/2024/10, the Director: of Corporate Services was to prepare a report on the staff retention and vacancy rate of the municipality.</p> <p>This report was presented to the committee at the meeting held on the 19<sup>th</sup> of July 2024, however, not all required information was included in the report. Based on matters arising from the previous meeting it was noted that the Director: Corporate Services was to present a detailed report on the municipality's vacancy rate, a clear picture of how the organogram was structured with the number of vacancies.</p> <p><b>Therefore the committee resolved that a comprehensive report be presented in the next RIMCO meeting in January 2025.</b></p>	<p><b>Director: Corporate Services</b></p>	<p>The report will be presented in the next RIMCO meeting.</p>	<p>Implemented</p>
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20/10/2024	17	The municipal manager's office should accompany the BCP report with an implementation plan that is inclusive of the deliverables and time frame for the BCP development and approval.	Manager of the MM Office	Implementation plan has been developed with timeframes.	Implemented
21/10/2024	18	The committee recommended that the ICT report be accompanied by a template/implementation plan that is inclusive of milestones, deliverables, and timeframes. Furthermore, the template should also include a risk column for risks that are associated with the project and its implications. The projects in the template should be listed by order of risks.	Acting ICT Manager	The report will be presented in the next RIMCO meeting.	Implemented

23<sup>RD</sup> JANUARY 2025

23/01/2025	19	The Chairperson recommended that the PMS report should be created/prepared in such a way that it can be easy to read and must be inclusive of clear corrective actions for all KPIs that were less or non- achieved.	Acting IDP/PM S Manager	Report has been summarised and presented to RIMCO as from Quarterly 3 and will be done on Quarterly basis	Implemented
23/01/2025	20	The Chairperson recommended that the PMS unit needed internal capacity to improve reporting capabilities.	Acting IDP/PM S Manager	There has been continuous working sessions between the PMS office with the service provider as from the compilation of the 25-26 SDBIP	On-going
23 April 2025					
23/04/2025	21	OHS report to include a clear time scale for each planned activity, and further urged management to ensure that all items contained in the Procurement Plan take cognisance of the associated time scales.	Director Services	OHS quarterly report has been revised to reflect the timeframes for each OHS activity.	Implemented

**Subject: Transfer of Monitoring Responsibilities to Risk Management Committee**

The Audit Committee has identified that the following resolutions and recommendations remain stagnant in terms of implementation. As a result, it has been resolved that these items be escalated for ongoing monitoring and follow-up by the Risk Management Committee.

This measure is intended to ensure enhanced oversight and timely execution of the outstanding actions.

25 <sup>th</sup> JULY 2024 (Ordinary AC Meeting)				
29/01/2024 4	Municipality to consider having an assessment of the entire business impact analysis of the institution to set a direction in cases of disaster because the mentioned are just interim measures that will not be able to cover the whole organisation.	MM	Business Impact Analysis was done and is included in the Business Continuity Plan	Implemented
25 <sup>th</sup> OCTOBER 2024				
25/10/2024 1	Municipality to have quality assurance team that will assist in checking the POE validation supporting performance as reported.	IDP/PM S	Office of the MM will facilitate the establishment of the quality assurance team	Not-Implemented
25/10/2024 2	Directors to guide reasons for deviation so that the performance reports can be realistic and address the challenges.	Management	As soon as the quality assurance team gets established. The team will look at all PMS matters and liaise with management for implementation.  However, draft the PMS reports are sent to management for perusal and inputs before finalisation.	In-progress

25/10/2024	3	Municipality to ensure that the transfer of skills by the service providers is something that is being done and that be written in the service level agreements	<b>MM</b>	The municipality has included a skills transfer clause in all new SLA's and all bidders are requirement to submit a skills transfer plan upon bidding.	On-going
25/10/2024	4	Service provider to assist the management in coordinating their POE's in terms of their service level agreement	<b>PMS Service Provider</b>	As soon as the quality assurance team gets established. The team will look at all PMS matters and liaise with management for implementation.  However, draft the PMS reports are sent to management for perusal and inputs before finalisation.  Office of the MM will facilitate the establishment of the quality assurance team	In-progress
25/10/2024	5	It was recommended that with regards to the issue of the municipal risk appetite and tolerance level that the municipality does not have due to its financial capacity within a particular financial year, there be a document that will be endorsed by the Council stating that the municipality Council does not have additional controls over specific risks because of the nature and resources limitation of Inxuba Yethemba Municipality	<b>RIMCO</b>	Recommendation to be implemented in Q1.	Not-Implemented

28 JANUARY 2025

28/01/2025	1	Budget and Treasury Office should come up with ways of strengthening the processes of internal controls in ensuring that the UIF&WE occurrence is prevented and internal audit is there for detective controls.	CFO	Bid Committee members and SCM Officials have been trained and BAC is verifying all the bids before recommending to the Accounting officer.	Implemented
28/01/2025	2	Proposal on the establishment of the quality assurance team for the PMS section that will work together with the service provider to be done as this will also assist in a matter of skills transfer by the service provider and the feedback regarding the progress will be reported in the next AC meeting	IDP/PM S	Office of the MM will facilitate the establishment of the quality assurance team.	Not-implemented

28/01/2025	3	<p>CFO to develop a revenue enhancement implementation plan that aligns with the approved revenue strategy. This plan should be practical and easily monitored, incorporating quarterly targets. Progress reports regarding these targets be submitted to the Audit Committee</p>	<p><b>CFO</b></p>	<p>ALTAL Consulting Team visited the municipality from the 17th of March – 20th March 2025 to conduct interviews with the staff of the municipality in preparation of the Situation Analysis.</p> <p>A Meeting was held on the 7th of April 2025 to give feedback on the Draft Revenue enhancement Strategy, information such as Debtors Age Analysis, s71 Reports, Organogram of Budget and Treasury and budget related policies was submitted to Altal Consulting for analysis.</p> <p>Another Meeting also took place on the 20th June 2025 virtually whereby ALTAL Consulting requested a working session to discuss Age Analysis related issues, Indigent registers for the past 3 years as well as the municipality requesting the Eskom Age Analysis in order to be able to determine consumption vs billing</p> <p>A meeting was held on the 23rd of May 2025, to give feedback on the progress of the project, where outstanding work was outlined, amount of work still need to be done. Altal presented the risk registers with the cashflow expenditure.</p> <p>Altal Consulting is finalising the Situation Analysis Report (AS IS ) and they have recently sent a Draft stakeholder awareness plan and this report &amp; plan will be tabled in the next technical steering committee meeting next meeting is scheduled tentatively for the 23rd July 2025</p>	<p style="text-align: right;">In-Progress</p>
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28/01/2025	4	Budget processes be dealt with concurrently with the PMS unit as this will assist in ensuring that adjustments to targets are not done after a service provider has already been appointed, even if the target has not been met.	<b>CFO &amp; IDP/PM S Manager</b>	Budget section allocated budget to the set targets that has a budget or require a budget. Budget and PMS work together on a continues basis when completing performance and budget related information, quarterly, annually and half yearly to make sure that the set targets and budgetary allocations are populated. The Service provider for PMS sends the SDBIP populated from the IDP and budget unit will allocate budget to the projects / targets identified from the KPIs as and when the Service Providers requests.	In-progress
28/01/2025	5	A task team be established to mark the documents with the numbers that will be used and file them properly so to be captured properly into the electronic document management system.	<b>Director Services</b>	The municipality has appointed interns to assist with the filing system and there is a draft file plan developed to assist with the adequate filling of the municipal documents. <b>Q4 Progress:</b> The municipality is currently in a process of procuring the electronic document management system and is currently developing specification for the revamping of the records storage area and the records management office.	In-progress

**(i) Summary of Redflags on Institutional Stability**

<b>No</b>	<b>Details</b>	<b>Comments</b>
1	Going Concern	Recurring from previous Financial Period not yet arrested as Risk by the Municipality
2	Statement of Operating Results	The Municipality had a reported Deficit in the previous financial period as well as this year
3	Expenditure Management	Significant Increase in Expenditure in the Current year
4	Emerging Risk	Emerging Risk based on the analysis of the increasing Expense Structure
5	Cost Drive Drivers vs Non	Emergence of spending on some items not in the cost drivers, thus pushing the cost structure higher in the midst of low Revenue Collection
6	Core vs Non-core	Prioritisation and adequate classification not fully achieved and can be a problem if controls are not effected
7	Budget Management and Cash flow	Variance Analysis on certain items shows material departure from the Original Budget, this to be arrested during the Midyear Performance Review
8	Liquidity and Cash Coverage	Municipal liquidity and Cash Coverage is threatened in the absence of cash reserves to sustain the Municipal Operations, whilst the Revenue Collection has not yet picked up to satisfactory levels
9	Long-term Financial Sustainability	Low Revenue base, high-debt impairment and low response in Collection together with Grant dependency are a concern in the absence of a complementing Resource or Funding Mobilization for sustainable Service Delivery

**(j) Anti-corruption and fraud**

Over and above the general Risk Register prepared by the Municipality, there was still a need to formulate a Register solely for the detection, prevention and mitigation of fraud and corruption. The Register is also assessed as to whether the Action Plans to mitigate risks identified were fully implemented during the course of the financial year.

Anti-fraud and Corruption initiative entails preventing, detecting and response to fraud instances within the institution. The Internal Audit & Risk Division with the support from COGTA has embarked on conducting awareness workshop in May 2024 to deepen the significance of Anti-Fraud and Corruption and foster ethical behaviour in the municipal environment.

**Summary of Fraud Risk Implementation Plan**

<b>Risk Profile</b>	<b>No. Of Mitigation Plans For Q4</b>	<b>Achieved</b>	<b>Partially Achieved</b>	<b>Not Achieved</b>	<b>None</b>	<b>Percentages Of Achieved Targets</b>
<b>Fraud Risks</b>	6	5	0	0	1	83%

Anti-fraud and corruption policies and strategies have been adopted by Council for implementation in the upcoming financial year. Internal control deficiencies will be identified and more stringent controls put in place.

The Office of the Municipal Manager is ensuring that consequence management is applied where and when there are instances of alleged fraud and corruption, unauthorised, irregular, fruitless & wasteful (UIFW) expenditure and any other wrongdoing

FR #	Division/Section	Fraud Risk Description	Impact Value (1-5)	Likelihood Value (1-5)	Inherent Risk Result High/Medium/Low	Current Control processes in place to mitigate the risk exposure	Residual Risk Result High/Medium/Low	Action to Improve Management of the Risk Exposure
FR 1	Traffic Department	1.Accepting of Bribes by officials 2.Fraudulent issuing of licenses	5	5	High	1. Traffic policies 2. Gift Register 3. Ticket Fine Register	High	1. Fraud and Anti-Corruption Awareness Campaigns 2. Proper Implementation of Intergration Policy 3.Approval and implementation of Fraud and anti-corruption plan and strategy
					25		20	
FR 2	Technical Services	1.Bribery of officials 2.Electricity theft	5	5	High	1.Meter readers 2.Upgrading of meters 3. Gift Policy (Gift Register) 4. Routine Inspection checklist 5. Debt and Credit Control Policy	High	1. Approval and implementation of Fraud and anti-corruption plan and strategy 2. Gazetting of Electricity Supply By-Laws
					25		16,25	

FR 3	Inventory	Manipulation of goods received	4	5	High	20	1. Purchase order 2. Delivery Note 3. Inventory Policy 4. SOP- Inventory Management	High	13	1. Reviewal of Stock Items
FR 4	Inventory	Theft/Loss of stock	4	5	High	20	1. Stores Controller 2. Inventory Policy 3. Security System	High	13	1. Implementation of consequence management
FR 5	Fleet management	Fuel theft	5	4	High	20	1. Fleet Management Policy 2. Fuel slip signed by driver and authorised by stores controller	High	16	1. Establishment of Fleet management Unit 2. Reviewal of Fleet Management Policy
FR 6	Finance	Overstatement of invoices	5	4	High	20	1. Expenditure related Policies, Payroll Policy, Petty Cash Policy	Medium	13	Continuous implementation of policies
FR 7	Finance	Payment of ghost employees	5	4	High	20	1. Expenditure related Policies, Payroll Policy, Petty Cash Policy	Medium	13	Continuous implementation of policies

<b>FR 8</b>	<b>Fleet management</b>	<b>Misuse of motor vehicle</b>	4	4	High	16	1. Fleet Management Policy 2. Supervisors allocate motor vehicle keys to drivers	<b>Medium</b>	<b>12,8</b>	1. Establishment of Fleet management Unit 2. Reviewal of Fleet Management Policy
<b>FR 9</b>	<b>Supply Chain Management</b>	<b>1. Collusion of Bid Committee member with Service Providers</b>	4	4	High	16	1. Approved SCM policy 2. SCM Regulations	<b>Medium</b>	<b>10,4</b>	1. Fraud and Anti-Corruption Awareness Campaigns 2. Motivation for Training of Bid Committee Member
<b>FR 10</b>	<b>Human Resources Management</b>	<b>1. Unfair appointments 2. Appointment of ghost employees</b>	4	4	High	16	1. Approved recruitment and selection policy 2. Declaration of interest by panel members 3. Approved organogram	<b>Medium</b>	<b>10,4</b>	1. Constant physical verification of employees. 2. Fraud and Anti-Corruption Awareness Campaigns
<b>FR 11</b>	<b>Economic Development and Planning</b>	<b>1. Bribery of officials to approve building plans and land disposals 2. Fraudulent</b>	4	4	High	16	Land disposal policy, National Building Regulation Act, Gift Register	<b>Medium</b>	<b>10,4</b>	1. Land Acquisition Policy Development, 2. Reviewal of Integrated Town Planning Scheme

FR 12	Information and Communication Technology	<p>1. Unauthorised access to financial systems</p> <p>2. Information theft</p>	5	3	High	15	<p>1. Approved ICT Change Management Policy.</p> <p>2. Approved ICT Change request forms</p>	Medium	9,75	<p>1. Enforcing adherence to change control management policy and controls</p>
FR 13	Traffic Department	Inconsistent banking of cash	5	5	High	25	<p>1. Cash management policy</p> <p>2. SOP</p> <p>2. Financial System (R-data/ promune)</p> <p>3. Municipal Finance Management Act</p> <p>4. Security Services</p> <p>5. Daily reconciliation(System VS Banking)</p>	High	16,25	<p>1. Daily reconciliation reviewed by the Revenue Accountant</p> <p>2. Banking of cash as per the banking policy</p> <p>3. Training of cashiers (cash management and ethics)</p>



### (k) ICT Risk Register

Information and Communications Technology (ICT) is one of the critical areas in the running of the organisation, therefore Management with Auditor General's recommendation prepared the separate register dealing with ICT related issues. **Attached is the ICT Register as at 30 June 2025 as ANNEXURE XXX or APPENDIX XXX**

### (l) Risk Management Committee Meetings

#### **Summary meetings held by Risk Management Committee for the year ended June 2025.**

No	Type of meeting	Date of meeting
1.	Ordinary RIMCO meeting	19 July 2024
2.	Ordinary RIMCO meeting	23 October 2024
3.	Ordinary RIMCO meeting	23 January 2025
4.	Ordinary RIMCO meeting	23 April 2025
5.	Special RIMCO meeting	20 June 2025

### (m) Conclusion from the Chairperson's Report

The Risk Management Unit will strive to ensure that the identified risks are mitigated and Departments concerned provide necessary evidence demonstrating the processes undertaken to mitigate those risks.

### 2.21.2 SUPPLY CHAIN MANAGEMENT

Supply Chain Management (SCM) may be defined as "the design, planning, execution, control and monitoring of supply chain activities in the delivery of goods, services or any combination thereof". The Municipal Supply Chain Management unit ensures that the procurement of goods and services is done with Inxuba Yethemba Local Municipality in a system that is fair, equitable, transparent, competitive and cost effective. The Supply Chain Management unit has to plan for the annual procurement of goods, services or infrastructure projects in a pro-active manner and move away from merely reacting to purchasing requests. The Supply Chain Management unit ensures that goods and services are delivered on time as per the correct specifications and of the highest quality. The Supply Chain Management unit has compiled its annual report to Council on the implementation of the Supply Chain Management policy. The revised Supply Chain Management Policy was adopted by Council at its meeting that was held in May 2024.

In terms of Clause 6(1)(3) of the Municipal Supply Chain Management Regulations, 2005, it deals with the Oversight role of Council of the municipality or board of directors of a municipal entity. The Council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its Supply Chain Management policy. The Accounting Officer must, within ten (10) days of the end of each quarter, and within thirty (30) days of the end of each financial year, submit a report on the implementation of the Supply Chain Management policy to the Mayor of the municipality or the board of directors of the municipal entity, as the case may be.

### **Minimum competency requirements Supply Chain Management**

The Inxuba Yethemba Local municipality has developed the Supply Chain Management Policy and it is reviewed annually to cater for the newly introduced supply chain management regulations and guidelines. The Supply Chain Management unit has a total number of 6 permanent employees of which 5 employees meet the minimum competency requirements. It must be noted that the other 1 employee is in the process of completing the outstanding required unit standards of the Municipal Finance Management Program.

### **2.21.3 BY-LAWS**

By- laws are the laws that governs the town. All by-laws need to be gazetted on the government gazette however there is a process that needs to be followed before they are gazetted.

The process is as follows:

- First the by-law needs to be approved by Council.
- After it has been approved by Council, it needs to go for public comments.
- After the public comments the by-law needs to go back to Council for final approval.
- After it has been approved by Council the by-law may be sent to the government printing works to be gazetted.

**The following By-laws were approved during the 2024/2025 financial year:-**

<b>Department</b>	<b>Area</b>	<b>By-Law Approved</b>
Technical Services	Roads and Stormwater	Stormwater Management by-Laws
Community Services	Solid Waste Management	Solid Waste Disposal By-Law
Community Services	Environmental Management	By-Law Relating To Prevention Of Public Nuisances And Public Nuisances Arising From The Keeping Of Animals
Technical Services	Electricity	Electricity Supply By-Law
IPED	Agriculture and Livestock	Commonage By-Law
Budget and Treasury	Budget	Tariffs By-Law

#### 2.21.4 WEBSITE

##### *List of Publications*

<b>Municipal Documents Published</b>	<b>Yes/No</b>	<b>IA Comment</b>
Budget-related policies	No	The Municipality has not yet updated the Website with regards to the Budget related policies uploaded in the municipal website.
The previous year's annual report	No	The Municipality has not yet updated the Website with the Previous year's annual report.
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	No	The Municipality has not yet updated the Website with regards to current performance agreements.
All supply chain management contracts above a prescribed value (R100 000)	No	The Municipality has not yet There is no SCM contract information uploaded in the municipal website.

#### 2.21.5 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Under the financial year under review, there were no customer or public satisfaction surveys conducted. As resolved through the Strategic Planning process and subject to financial resources, the matter will be dealt with as an urgency ahead of the next coming elections and a workshop help with all the Stakeholders.

## **2.3 INTERNAL AUDIT FUNCTION**

Inxuba Yethemba Municipality has an Internal Audit Unit which has been fully functional for the financial year under review

The Internal Audit function is in house and not out-sourced to an external service provider, and is fully funded from the municipality's operational budget.

The roles and responsibilities of the Internal Audit Unit is set out in Section 165 of the Municipal Finance Management Act, Act No. 56 of 2003 as follows: -

- (a) Prepare on an annual basis a risk-based audit plan and an internal audit programme for each financial year;
- (b) Advise the accounting officer and report to the Audit Committee on the implementation of the internal audit plan and matters relating to:
  - (i) Internal audit
  - (ii) Internal controls
  - (iii) Accounting procedures and practices
  - (iv) Performance management
  - (v) Risk and risk management
  - (vi) Loss control
  - (vii) Compliance with MFMA, Division of Revenue Act (DORA) and any other applicable legislation.
  - (viii) Safeguarding of assets.
  - (ix) Appraisal of the economy and efficiency with which resources are employed.
- (b) Perform other such duties as may be assigned to it by the Accounting Officer and Audit Committee

### **2.3.1 Annual Risk Based Internal Audit Plan**

The Internal Audit Unit is accountable for the annual audit plan and functionally reports directly to the Audit Committee and administratively to the Accounting Officer.

In terms of the Plan, the generic key focus areas looked at and varied from time to time based on the approval of the Audit Committee, are outlined in the table next page:-

<b>Project Focus Area</b>	<b>Scope</b>
<b>Follow-Up Audits</b>	<ul style="list-style-type: none"> <li>- To assess the extent of implementation of corrective and agreed upon actions following the internal audit and external audits performed</li> <li>- To Assess whether the implemented action adequately addressed the root cause of the original findings or weakness identified adequately</li> <li>- To Monitor the outcomes of Internal and external Audit Effort</li> </ul>
<b>Audit Of Performance Management Systems, IDP, And Sdbip</b>	<ul style="list-style-type: none"> <li>- Review compliance of the IDP, SDBIP and Performance Agreements in terms of activity, content and timeframes</li> <li>- Review compliance of the KPA's and KPI's in terms of the SMART principles</li> <li>- Review performance contracts (linked to IDP) for all Directors and the Municipal Manager;</li> <li>- Review the link between PMS, IDP, SDBIP and Budgets;</li> <li>- Review credibility of POE files;</li> <li>- Conduct physical verification of projects that were reported in APR</li> </ul>
<b>Risk Based Audits And Statutory Audits</b>	
<b>2024/2025 Financial Statement Review</b>	<ul style="list-style-type: none"> <li>- Review Accounting Policies and compliance with GRAAP</li> <li>- Ensure that the AFS agrees to the Trial balance and General Ledger</li> <li>- Perform review of financial statements for validity, accuracy and completeness</li> <li>- Review working paper file and ensure that it agrees to information on the AFS, TB and GL</li> </ul>
<b>Review of the adjustments budget 2024/2025</b>	<ul style="list-style-type: none"> <li>- Ensure that all compliance requirements are met</li> <li>- Review budget for validity, accuracy and completeness</li> <li>- Advisory to management and Council on improving the oversight on the Budget</li> </ul>
<b>Audit of the budget 2025/2026</b>	<ul style="list-style-type: none"> <li>- Ensure that all compliance requirements are met</li> <li>- Review budget for validity, accuracy and completeness</li> </ul>
<b>Quarterly Audits of Supply Chain Management</b>	<ul style="list-style-type: none"> <li>- Review daily procurements and tender process</li> <li>- Review contract register and contract payments</li> <li>- Review compliance with SCM policy, SCM Regulations and MFMA Circular 68</li> <li>- Review of the UIFWE Reduction Strategy implementation</li> </ul>
<b>Audit of Asset Management</b>	<ul style="list-style-type: none"> <li>- Review monthly asset reconciliations</li> <li>- Ensure asset reconciliation balances to general ledger and trial balance</li> <li>- Review fixed asset register</li> <li>- Test for existence of assets</li> <li>- Review depreciation calculations</li> <li>- Review compliance with GRAAP</li> </ul>
<b>Audit of Payroll Management (As part of HR )</b>	<ul style="list-style-type: none"> <li>- Review new appointments</li> <li>- Review employee's exiting the system</li> <li>- Review Overtime Payments</li> <li>- Review Standby allowances</li> <li>- Review Housing &amp; Third-Party payments</li> <li>- Review Staff deductions ( Audit Conducted on 22/23 FY) follow up audit were then conducted on the year under review</li> </ul>
<b>Audit of Debtors and Revenue Management</b>	<ul style="list-style-type: none"> <li>- Review processes for main services rendered (rates, electricity, refuse)</li> <li>- Review processes for sundry services rendered</li> <li>- Review Debtors Age Analysis</li> <li>- Review Indigent Database</li> <li>- Review of the Billing System</li> <li>- Review of the Valuation Rolls</li> </ul>
<b>Audit of Cash Management</b>	<ul style="list-style-type: none"> <li>- Review the bank reconciliations</li> </ul>

### 2.3.2 Risk-Based internal Audit Plan and the 2024/25 Annual Operational Plan Status

The three-year risk based 2024/2025 internal audit plan is comprised of the following:

- a) Risk Based Audits
  - b) Mandatory Audits
  - c) Follow-up Audits (both Internal and External), and
  - d) Consulting/*Adhoc* Engagements
- a) All audits comprised in the plan are to be conducted in-house.
- b) The draft risk-based internal audit plan is based on the risk assessment facilitated by CoGTA, IYM MAYCO, Senior Management and Middle Management on the 04<sup>th</sup> and 05<sup>th</sup> June 2024, the current year risk assessment has been conducted and the final report has been compiled. The Risk Assessment encompassed the following activities by Management:
- Identification of objectives from the Integrated Development Plan (IDP).
  - Identification of strategic risks threatening the achievement of IDP objectives.
  - Rating of the risks in terms of impact and likelihood.
  - Identification of the existing controls intended to minimise risks.
  - Identification of action plans to improve the control strength of the existing controls.
- c) The mandatory audits are based on regulations and recommendations made on previous audits.
- d) Follow – up audits are mainly based on audits performed by Internal Audit Unit and the findings raised by AG form part of the Action Plan of which the Internal Audit verifies to ensure that action plans have been implemented.
- e) Consulting/*Adhoc* engagements will be based on requests made by the management.

## **2.3.3 IMPLEMENTATION OF THE 2024/25 INTERNAL AUDIT PLAN**

### **1. Introduction**

*Global Internal Audit Standards:*

#### **Standard 9.4 Internal Audit Plan**

*The chief audit executive must create an internal audit plan that supports the achievement of the organisation's objectives.*

*The chief audit executive must base the internal audit plan on a documented assessment of the organisation's strategies, objectives and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organisation's governance, risk management, and control processes. The assessment must be performed at least annually.*

The primary purpose of the internal audit strategic plan is to outline in detail to management and the Audit Committee the areas which will be reviewed by internal audit so that they are able to form a view on whether the planned coverage and scope (recognising not all areas can be addressed with finite resources) is sufficient to meet their needs.

The Strategic and Operational internal audit plans are prepared in terms of section 165 of the MFMA:

- A rolling three-year strategic internal audit plan based on the assessment of key areas of risk for the municipality, having regard to its current operations, those proposed in its strategic plan and its risk management strategy;
- An annual internal audit plan for the first year of the rolling three-year strategic internal audit plan.

To conform with the above mentioned Global Internal Audit Standard, a risk based plan was developed and approved by the Audit committee in the meeting held on the 25<sup>th</sup> July 2024.

### **2. Report on Implementation of the Operational Internal Audit Plan**

*Global Internal Audit Standards:*

#### **Standard 9.4 Internal Audit Plan**

*The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management.*

In execution of the plan, the Internal Audit Unit has complied with the approved Internal Audit Policies and procedures (Methodology) which is in line with the Internal Audit Standards. This will assist in measuring the effectiveness of the Internal Audit Unit as well as adherence to the Standards for Quality Assurance Review.

#### **Snapshot of the Internal Audit Performance**

The overall objective is to provide a snapshot of the internal audit activities and the significant findings, such that the Audit Committee has a reasonable understanding of the work performed and the related findings, such that they are able to provide the necessary oversight of the Internal Audit Activity.

**2.3.4 INTERNAL AUDIT PERFORMANCE SUMMARY – 2024/25 FINANCIAL YEAR**

Operational Plan: Financial year ending June 2025

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
<b>Cyclical Reviews &amp; General management of internal audit function</b>								
Preparation one year Internal Audit Plans	To ensure effective Audit and Corporate governance function that will result in improved compliance and clean administration.	Mandatory/ cyclical audit	June-24					
Reporting and Attendance of Audit Committee meetings	To ensure effective Audit and Corporate governance function that will result in improved compliance and clean administration.	Mandatory/ cyclical audit	Quarterly		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
Overall project management and administration	To ensure effective Audit and Corporate governance function that will result in improved compliance and clean administration.	Mandatory/ cyclical audit	Continuous		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Risk Management activities (Review)</b> Monitoring of mitigating plans.	To ensure that the municipality operates free of anticipated risk of maladministration, fraud and corruption.	Mandatory/ cyclical audit	Quarterly	380	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Quarterly Performance Information</b> Assess the measurability and relevance of indicators and targets. Ensure that POE agrees to the reported target. Verify that the quarterly reports has been submitted to the Executive Authority within the timeframes	To ensure effective performance management	Mandatory/ cyclical audit	Quarterly	380	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
required by the Eastern Cape Legislature								
<b>Review of 2023/24 Draft Annual Performance Report</b> Ensure that POE agrees to the reported target.(Testing covers all quarters)	To ensure effective performance management	Mandatory/ cyclical audit	Aug 24	240	<input type="checkbox"/>			
<b>Review of Draft 2024/25 IDP, SDBIP &amp; BUDGET</b> Ensure alignment between the IDP, SDBIP and Budget.	Mandatory/ cyclical audit	Mandatory/ cyclical audit	April 25	300				<input type="checkbox"/>
<b>Review of 2024/25 Adjusted Draft SDBIP &amp; BUDGET</b> Ensure alignment between the Adjusted SDBIP and Budget.	Mandatory/ cyclical audit	Mandatory/ cyclical audit	Jan 25	260			<input type="checkbox"/>	
<b>Interim Financial Statements – Review</b>			Quarterly	260			<input type="checkbox"/>	

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
Perform review procedures on the Interim Financial Statements to ensure that they comply with GRAP standards; - Ensure that the disclosures of the Financial Statements are appropriate and adequate	Mandatory/ cyclical audit	Mandatory/ cyclical audit						
<b>2023/24 Annual Financial Statements (AFS) review</b> Perform review procedures on the AFS to ensure that they comply with GRAP standards; - Ensure that the disclosures of the AFS are appropriate and adequate	Mandatory/ cyclical audit	Mandatory/ cyclical audit	Aug 24	380	<input type="checkbox"/>			
<b>Follow-up on AG findings (Audit Turnaround Plan)</b> Follow-up on the implementation of AG and Internal Audit Action Plan	To ensure effective Audit and Corporate governance function that will result in improved compliance and clean administration	Mandatory/ cyclical audit	March 25 & June 25	360			<input type="checkbox"/>	<input type="checkbox"/>
<b>FMCM Audit</b>			Quarterly	520	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
Verification of evidence uploaded on the NT Electronic web based portal	Mandatory/ cyclical audit	Mandatory/ cyclical audit						
<b>Inventory</b> Stock Count – Assurance review (Annual stock-count)	Mandatory/ cyclical audit	Mandatory	June 25	260				<input type="checkbox"/>
<b>Risk Based Reviews</b>								
<b>Integrated Planning &amp; Local Economic Development Review</b> <ul style="list-style-type: none"> <li>• Approved LED Strategy</li> <li>• Approved Spatial Development Framework</li> <li>• Revenue Enhancement Strategy</li> <li>• Housing Sector Plan</li> <li>• Tourism sector plan</li> <li>• Integrated land use scheme.</li> </ul>	To facilitate sustainable economic empowerment for all communities within Inxuba Yethemba LM and enabling a viable and conducive economic environment through the development of related initiatives	Inability to create an enabling environment to develop and grow the local economy in Agriculture (livestock and crop production), SMME, Tourism, Land Use and Housing. (SRRR2)	Sept 24	300	<input type="checkbox"/>			

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
	including job creation and skills development.							
<b>Cash Management Audit</b>	Adequate adherence to cash management policy and standard operating procedures	Inadequate cash management	Dec 24	360		<input type="checkbox"/>		
<ul style="list-style-type: none"> <li>• Cash management/Banking policy</li> <li>• Review of cash management processes</li> <li>• End day reporting</li> <li>• Deposit and bank recons.</li> </ul>								
<b>SCM Review</b>	To implement proper supply chain protocols in compliance with the MFMA legislation	Ineffective Supply Chain Management (BTO6)	Quarterly	480	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Quotations</li> <li>• Tenders</li> <li>• Contract Management</li> <li>• Deviations</li> <li>• Irregular, wasteful and fruitless expenditure</li> <li>• Suppliers performance monitoring</li> <li>• Expenditure</li> </ul>								
<b>Revenue Management Review</b>	To enhance monthly revenue collection	Inability to fully implement the credit control policy (BTO2)	June 25	450				
<ul style="list-style-type: none"> <li>• Development and implementation of policies and procedures</li> </ul>								

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
<ul style="list-style-type: none"> <li>Valuation Roll</li> <li>Application processes for municipal services;</li> <li>Billings;</li> <li>Debtor's Master file maintenance;</li> <li>Receipts;</li> <li>Debtor management/collections;</li> <li>Provision for bad debts</li> <li>Indigent Register</li> <li>Property transfer</li> <li>Grants</li> </ul>								□
<b>Consulting /Adhoc Engagements.</b>			<b>As per management request</b>	<b>10% of the Total Hours</b>				

**PERFORMANCE STATUS ON THE IMPLEMENTATION OF THE APPROVED 2024/25  
RISK BASED INTERNAL AUDIT PLAN**

<b>AUDITS</b>	<b>Q4 - PLANNED AUDITS</b>	<b>Q4- FULLY EXECUTED AUDITS</b>	<b>OVERALL STAUUS</b>
Mandatory/ Cyclical Audits	10	10	100 %
Risk based	4	4	100 %
<b><u>TOTAL</u></b>	<b><u>14</u></b>	<b><u>14</u></b>	<b><u>100 %</u></b>

2.3.5 Operational Plan: Financial year ending June 2025

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
<b>Cyclical Reviews &amp; General management of internal audit function</b>								
Preparation one year Internal Audit Plans	To ensure effective Audit and Corporate governance function that will result in improved compliance and clean administration.	Mandatory/ cyclical audit	June-24					
Reporting and Attendance of Audit Committee meetings	To ensure effective Audit and Corporate governance function that will result in improved compliance and clean administration.	Mandatory/ cyclical audit	Quarterly		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall project management and administration	To ensure effective Audit and Corporate governance	Mandatory/ cyclical audit	Continuous		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
	function that will result in improved compliance and clean administration.							
<b>Risk Management activities (Review)</b> Monitoring of mitigating plans.	To ensure that the municipality operates free of anticipated risk of maladministration, fraud and corruption.	Mandatory/ cyclical audit	Quarterly	380	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Quarterly Performance Information</b> Assess the measurability and relevance of indicators and targets. Ensure that POE agrees to the reported target. Verify that the quarterly reports has been submitted to the Executive Authority within the timeframes required by the Eastern Cape Legislature	To ensure effective performance management	Mandatory/ cyclical audit	Quarterly	380	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
<b>Review of 2023/24 Draft Annual Performance Report</b> Ensure that POE agrees to the reported target.(Testing covers all quarters)	To ensure effective performance management	Mandatory/ cyclical audit	Aug 24	240	<input type="checkbox"/>			
<b>Review of Draft 2024/25 IDP, SDBIP &amp; BUDGET</b> Ensure alignment between the IDP, SDBIP and Budget.	Mandatory/ cyclical audit	Mandatory/ cyclical audit	April 25	300				<input type="checkbox"/>
<b>Review of 2024/25 Adjusted Draft SDBIP &amp; BUDGET</b> Ensure alignment between the Adjusted SDBIP and Budget.	Mandatory/ cyclical audit	Mandatory/ cyclical audit	Jan 25	260			<input type="checkbox"/>	
<b>Interim Financial Statements – Review</b> Perform review procedures on the Interim Financial Statements to ensure that they comply with GRAP standards; - Ensure that the disclosures of the Financial Statements are appropriate and adequate	Mandatory/ cyclical audit	Mandatory/ cyclical audit	Quarterly	260			<input type="checkbox"/>	

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
<b>2023/24 Annual Financial Statements (AFS) review</b> Perform review procedures on the AFS to ensure that they comply with GRAP standards; - Ensure that the disclosures of the AFS are appropriate and adequate	Mandatory/ cyclical audit	Mandatory/ cyclical audit	Aug 24	380	<input type="checkbox"/>			
<b>Follow-up on AG findings (Audit Turnaround Plan)</b> Follow-up on the implementation of AG and Internal Audit Action Plan	To ensure effective Audit and Corporate governance function that will result in improved compliance and clean administration	Mandatory/ cyclical audit	March 25 & June 25	360			<input type="checkbox"/>	<input type="checkbox"/>
<b>FMCM Audit</b> Verification of evidence uploaded on the NT Electronic web based portal	Mandatory/ cyclical audit	Mandatory/ cyclical audit	Quarterly	520	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
<b>Inventory</b> Stock Count – Assurance review (Annual stock-count)	Mandatory/ cyclical audit	Mandatory	June 25	260				<input type="checkbox"/>
<b>Risk Based Reviews</b>								
<b>Integrated Planning &amp; Local Economic Development Review</b> <ul style="list-style-type: none"> <li>• Approved LED Strategy</li> <li>• Approved Spatial Development Framework</li> <li>• Revenue Enhancement Strategy</li> <li>• Housing Sector Plan</li> <li>• Tourism sector plan</li> <li>• Integrated land use scheme.</li> </ul>	To facilitate sustainable economic empowerment for all communities within Inxuba Yethemba LM and enabling a viable and conducive economic environment through the development of related initiatives including job	Inability to create an enabling environment to develop and grow the local economy in Agriculture (livestock and crop production), SMME, Tourism, Land Use and Housing.(SRR2)	Sept 24	300	<input type="checkbox"/>			

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
<b>Cash Management Audit</b> <ul style="list-style-type: none"> <li>• Cash management/Banking policy</li> <li>• Review of cash management processes</li> <li>• End day reporting</li> <li>• Deposit and bank recons.</li> </ul>	creation and skills development. Adequate adherence to cash management policy and standard operating procedures	Inadequate cash management	Dec 24	360		<input type="checkbox"/>		
<b>SCM Review</b> <ul style="list-style-type: none"> <li>• Quotations</li> <li>• Tenders</li> <li>• Contract Management</li> <li>• Deviations</li> <li>• Irregular, wasteful and fruitless expenditure</li> <li>• Suppliers performance monitoring</li> <li>• Expenditure</li> </ul>	To implement proper supply chain protocols in compliance with the MFMA legislation	Ineffective Supply Chain Management (BTO6)	Quarterly	480	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Revenue Management Review</b> <ul style="list-style-type: none"> <li>• Development and Implementation of policies and procedures</li> <li>• Valuation Roll</li> </ul>	To enhance monthly revenue collection	Inability to fully implement the credit control policy (BTO2)	June 25	450				

Scope of work	IDP Objectives	Risk no. as per the strategic/operational risk register	Estimated timing	Estimated hours	Q1 (July-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-June)
<ul style="list-style-type: none"> <li>• Application processes for municipal services;</li> <li>• Billings;</li> <li>• Debtor's Master file maintenance;</li> <li>• Receipts;</li> <li>• Debtor management/collections;</li> <li>• Provision for bad debts</li> <li>• Indigent Register</li> <li>• Property transfer</li> <li>• Grants</li> </ul>								<input type="checkbox"/>
<b>Consulting /Adhoc Engagements.</b>			<b>As per management request</b>					
				<b>10% of the Total Hours</b>				

**Three-year Internal Audit Rolling plan for the period 01 July 2024 to 30 June 2027.**

Category / Department	Risk identified	Suggested scope of work	Audit coverage period		
			2024/25	2025/26	2026/27
<b>Cyclical reviews &amp; General management of the internal audit function</b>					
Review of internal audit Charter			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparation of three year Strategic Plan and one year Internal Audit Plans.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quarterly Reporting and Attendance of Audit Committee Meetings			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk Management (Facilitation of risk identification and assessment process)			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall project management and administration			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Records Management			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SCM			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk Management Monitoring			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PMS Audit			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Follow-up on AG report			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Revenue Management Review			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inventory			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash Management			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Planning & Local Economic Development Review			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Summary meetings held by Audit Committee for the year ended June 2025.**

No	Type of meeting	Date of meeting
1.	Ordinary Audit Committee meeting	25 July 2024
2.	Special Audit Committee meeting	20 August 2024
3.	Ordinary Audit Committee meeting	28 January 2025
4.	Ordinary Audit Committee meeting	25 April 2025
5.	Special Audit Committee meeting	26 June 2025

## 2.3.5 QUARTER 4 REPORT ON TESTING KEY CONTROLS AND COMPLIANCE

### 1. LEGISLATIVE MANDATE THAT GIVES EFFECT TO THE ESTABLISHMENT OF THE AUDIT COMMITTEE

Section 165(1) of the Municipal Finance Management Act (No 56 of 2003) MFMA requires that each municipality must have an internal audit unit and section 166(1) requires that each municipality must have an Audit Committee. The Audit Committee is a committee of the Council and performs the statutory responsibilities assigned to it by the MFMA (sections 165 and 166), and other relevant responsibilities delegated to it under its charter by the Council.

### 2. PURPOSE OF THIS REPORT

This report is submitted in terms of the requirements of the paragraph titled "Reporting Responsibilities" of the Audit Committee Charter as well as the Municipal Circular No 65.

### 3. THE EFFECTIVENESS OF INTERNAL CONTROLS

In line with the MFMA, the internal audit function provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the in-year reports received from internal audit and AGSA audit report it was

#### **KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

noted that there was significant improvement with respect to the internal controls over financial reporting. The audit committee is pleased to report that the internal controls over budgeting and reporting is adequate and operating effectively. The audit committee recommends that management continue to ensure that preventative internal controls over year-end financial reporting is implemented at a standard that will ensure that the annual financial statements submitted to the AGSA are free of material misstatements.

Management is encouraged to implement continues focus on the recoverability of outstanding statutory and trade receivables to avoid the potential burden on future cashflows from operating activities.

Management is encouraged to implement adequate and proper oversight over the effective implementation of preventative controls with respect to supply chain management to prevent unauthorized, irregular, and wasteful expenditure. It is further recommended that management continue to place acute focus on the preventative controls to ensure that the performance management in-year reporting is credible. Consequence management must continually be implemented to ensure that internal controls remain effective throughout the year.

WE DRIVERS	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVELY			FACES	REVIEWED EVIDENCE	COMMENTS
	Financial	Performance	Compliance	Financial	Performance	Compliance			
<p>Good in progress </p> <p>Intervention required  </p> <p>Staff Compliments</p>								Accounting Officers update	Noted Accounting Officers status report on the following items:

4. Evaluate the effectiveness

**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	Good  In progress  Intervention required 	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVELY			REVIEWED EVIDENCE	COMMENTS
		Financial	Performance	Compliance	Financial	Performance	Compliance		
								Faces	services and the challenges in filling the position which warranted for a readvertisement. 2. The Audit Committee requested that the Accounting Officer to speed up filling in the 2 vacancies of

	UIFWE				MPAC Report	<p>Statutory Requirement and on the UIFWE Investigation.</p> <p>The Audit Committee resolved that as follows:</p> <ol style="list-style-type: none"> <li>1. That MPAC quantifies the total amount of UIFWE, the amount that has</li> </ol>
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**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	 Good  In progress  Intervention required	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVELY			REVIEWED EVIDENCE	COMMENTS
		Financial	Performance	Compliance	Financial	Performance	Compliance		
								Faces	

<p>2. The committee in the main noted challenges reported around the divulgence of critical information contained on the UIFWE report and could not recommend on an action plan for any perpetrator as the matter falls within the ambits of the Honourable Speaker. However, the following must be noted.</p> <p>3. That MPAC as adopted a methodology which guides the process of</p>											
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**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVELY			COMMENTS
	Financial	Performance	Compliance	Financial	Performance	Compliance	
<p>  Good   In progress   Intervention required                 </p> <p>Processes to prevent and detect unauthorised, irregular, and fruitless and wasteful expenditure.</p> <p>Preventive controls Detective controls</p>	Yes	Yes	Yes	Yes	Yes	Yes	<p>  </p> <p>                     EVIDENCE REVIEWED                      • MPAC                      • UIFWE                      • Reduction Strategy Quarterly SCM                 </p>
<p>1.b FINANCIAL GOVERNANCE AND RELATED INTERNAL CONTROLS</p> <p>Credibility of the reported Performance objectives, indicators, and targets</p>	Yes	Yes	Yes	Yes	Yes	Yes	<p>  </p> <p>Performance Report</p>
<p>                     • Performance of the municipality is measured against predetermined objectives, indicators and targets as                 </p>	Yes	Yes	Yes	Yes	Yes	Yes	<p>  </p> <p>                     Q4 report was noted by the Committee with positive findings raised by Internal Audit as the Internal Audit Standards                      Improved Performance Reporting, with the assurance provided by the Internal                 </p>

	<ul style="list-style-type: none"> <li>The appropriate level of management regularly reviews interim/ reporting in terms of best practice and as required by the</li> </ul>	Y	e	s	Y	e	s	N	O		Internal Audit Report	The dashboard face is emanating from the previous FY on Late submission of AFS and
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**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVE			FACES	EVIDENCE REVIEWED	COMMENTS
	Financial	Performance	Compliance	Financial	Performance	Compliance			
<p>  Good   In progress   Intervention required                 </p>									<p>Committee and to Internal Audit for review, we have not accessed this process as it is still in progress</p> <p>Early Submissions to the IA unit to allow adequate</p>
<p> <b>1.e MONITOR THE IMPLEMENTATION OF ACTION PLANS TO ADDRESS INTERNAL</b>                      • Oversight resolutions have been substantially implemented.                 </p>	Y e s	Y e s	Y e s	Y e s	Y e s	Y e s		APAC Resolution register	<p>Pleased with the progress made on the resolution register and resolved an adjustment</p>

	<ul style="list-style-type: none"> <li>The appropriate level of management regularly reviews: <ul style="list-style-type: none"> <li>actual financial performance against budget</li> <li>Actual performance against predetermined objectives, indicators, and targets.</li> </ul> </li> </ul>	Y e s	Y e s	Y e s	Y e s	Y e s	N O		Section 71 and section 52d and SDBIP, Performance reports are tabled to the AC on a	The Committee noted that Financial Reports and noted that challenged around the following issues; <ol style="list-style-type: none"> <li>Liabilities exceed our Assets which is emanating from the Eskom Debt. The</li> </ol>
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**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	 Good  In progress  Intervention required	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVELY			FACES	REVIEWED EVIDENCE	COMMENTS
		Financial	Performance	Compliance	Financial	Performance	Compliance			
<ul style="list-style-type: none"> <li>The municipality has a plan for addressing internal and external audit findings, and adherence to the plan is monitored on a</li> </ul>	 Good	Yes	Yes	Yes	Yes	Yes	Yes		AG action plan, Internal Audit follow up report	comments from the CFO around the challenged, which was certified with a comprehensive update from the Executive Mayor accompanied by Intervention to remedy the situation.  2. The Challenges around the human Capacity with the Asset Management Unit and the Interim Measures put in place to remedy the situation
		Yes	Yes	Yes	Yes	Yes	Yes		The AG action plan was noted with the following: Management to ensure 100% Implementation	

**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVELY			FACES	REVIEWED EVIDENCE	COMMENTS
	Financial	Performance	Compliance	Financial	Performance	Compliance			
<p>  <b>Good</b>   <b>In progress</b>   <b>Intervention required</b> </p> <p>quarterly] basis by the appropriate level of management.</p> <ul style="list-style-type: none"> <li>The plan for addressing internal and external audit findings is credible, with actions addressing root causes.</li> </ul>	Yes	Yes	Yes	Yes	Yes	Yes		AG action plan plan, Internal Audit follow up report	of the AG action plan to prevent repeat findings.
<p>1.f Establish an IT governance framework that supports and enables the business, delivers value and improves performance</p> <ul style="list-style-type: none"> <li>There are sufficient IT governance processes in place to ensure that IT departments develop and implement a strategic plan that supports business requirements and ensures IT spending remains in line with the approved plan.</li> </ul>	Yes	N/A	Yes	Yes	N/A	NO			Adequate ICT governance
<ul style="list-style-type: none"> <li>Appropriate disaster recovery plans are in place.</li> </ul>	No	N/A	Yes	Yes	N/A	Yes		DRP Site	Reliance was placed on the risk Management report on ICT reported improvement on ICT governance sighting the Inadequate ICT infrastructure and the need to prioritise budgeting for ICT projects Requirements for Risk Assessments to be done To Develop a Business Continuity Plan

**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVE			FACES	EVIDENCE REVIEWED	COMMENTS
	Financial	Performance	Compliance	Financial	Performance	Compliance			
<p> Good</p> <p> In progress</p> <p> Intervention required</p>									
<p><b>3.a RISK GOVERNANCE</b>                      Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and Overall Risk Governance</p>									
<p>Assessment of the Enterprise risk maturity level</p> <ul style="list-style-type: none"> <li>All staff members are made aware of and adhere to the fraud prevention plan.</li> </ul>	Yes	Yes	Yes	Yes	Yes	Yes		Risk analysis and risk assessment	<p>Pleased with the reports from the Risk Management</p> <p>Significant improvement made and appreciate the quality of reports from the risk management</p>
<ul style="list-style-type: none"> <li>Litigations Report</li> </ul>	Yes	Yes	Yes	Yes	Yes	Yes		Fraud prevention plan, awareness email, banner, anti-fraud and	<p>Capacity issue in the Risk Management unit</p> <p>No implementation of the Fraud Prevention Strategy</p>
	Yes	Yes	Yes	Yes	Yes	Yes			<p>The Item was reported as an In committee Items, where the Audit Committee made the following</p>

**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	 Good  In progress  Intervention required	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVELY			FACES	EVIDENCE REVIEWED	COMMENTS
		Financial	Performance	Compliance	Financial	Performance	Compliance			
										1. Revision of the Contingent Liability, as it was noted that that most cases have a expenditure amount which is over than what was budget for, 2. The Committee further resolved that the Manager Legal should have meeting with the CFO to find ways to deal the challenges. 3. To update the
3.b	Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective									

**KEY CONTROL CHECKLIST - ACTIONS TO ACHIEVE KEY CONTROLS**

WE DRIVERS	 Good  In progress  Intervention required  Intervention required	CONTROL IS IN PLACE (YES/NO)			CONTROL OPERATES EFFECTIVELY			REVIEWED EVIDENCE	COMMENTS
		Financial	Performance	Compliance	Financial	Performance	Compliance		
ASSESSMENT OF THE ENTIRE CONTROL ENVIRONMENT								 Faces	There progress made however there is still room for improvement

### 2.3.6 2024/25 INTERNAL AUDIT AND AUDIT COMMITTEE RESOLUTION REGISTER

2024/25		
Level Of Implementation	Performance	
Implemented	28	
In-Progress/On-going	16	
Not Implemented	4	
<b>TOTAL</b>	<b>48</b>	

25 <sup>th</sup> JULY 2024 (Ordinary AC Meeting)					
25/07/2024	1	Risk Management Unit to come up with ways of dealing with traffic fines target and the AC to receive a level of assurance from the Risk Management Unit.	CAE	Matter to be discussed in the RIMCO Quarter 1 meeting	In-progress
25/07/2024	2	MPAC to declare historical documents as dead by demonstrating all the alternative procedures followed in the MPAC report.	MPAC	The committee declared the historical document as irrecoverable from 2010 – 2014 through the demonstration of exhausting all avenues, currently we in process of searching applicable legislations for retention of records.	In-progress
25/07/2024	3	-PMS to include a baseline for the previous FY's targets as a basis for comparison.  -To ensure all KPIs are descriptive and meet the SMART principles  - Include budget vs. expenditure on all KPI's	PMS Acting Manager	Addressed.  Baselines for each KPI's has been included in the quarterly report  Information on budget vs expenditure has been added.	Implemented
25/07/2024	4	BTO to be the custodian of deviations pre-approval before final approval by the Municipal Manager.	Acting CFO	In progress all deviations are communicated with MM prior approval	In-progress
25/07/2024	5	The fuel expenditure report to be more detailed and to show split of the expenditure incurred. The comparison of expenditure between the reported quarter and the previous one.	Acting CFO	In progress, report was revised	Implemented

25/07/2024	6	MMO to perform a reconciliation of the Provincial Treasury portal and the Excel AIP.	Manager in the office of the MM	The reconciliation was performed and updated were effected on the PT portal	Implemented
25/07/2024	7	MMO to champion the AIP assisted by the internal audit to provide assurance on the progress of the action plans.	Manager in the office of the MM & CAE	Addressed.	Implemented
25/07/2024	8	BTO to enhance the manner of mSCOA reporting to detail all the components of the mSCOA.	Acting CFO	Report was revised	Implemented
<b>20<sup>th</sup> AUGUST 2024 (SPECIAL AC MEETING)</b>					
20/08/2024	1	Audit Committee recommended that when the annual financial statements are being prepared, anyone who has accounting knowledge should be able to explain whatever that needs to be explained so that any user can have a clear understanding of what is reported.	CFO	The notes were revised	Implemented
<b>28<sup>th</sup> AUGUST 2024 (SPECIAL AC MEETING)</b>					
28/08/2024	1	Members resolved and supported the Chairperson's decision to declare a vacant and advertise. Required member may not be a candidate with legal qualifications.	MM	The audit committee vacancy was advertised during the beginning of October, however, the selection processes could not unfold as there were errors noted in the advert, therefore the Office of the MM decided that an erratum be issued and the position be re-advertised after approval by Council	In-progress
28/08/2024	2	It was recommended that the AFS team to rephrase service in kind to Eskom debt relief as per the explanation from the Acting CFO.	CFO	Note on Eskom debt relief was revised	Implemented
28/08/2024	3	The final draft APR report to be sent to the audit committee on the 29 August 2024.	IDP Manager	The report was sent to the AC Chairperson as resolved	Implemented

28/08/2024	4	If the POE is not submitted for the targets reported as achieved when finalising the report, the targets must be adjusted to not achieved.	IDP Manager	Addressed.	Implemented
<b>25TH OCTOBER 2024</b>					
25/10/2024	1	For the partially implemented resolution, actual percentage of progress made should be indicated and all the outstanding items on partial resolutions should be indicated in the resolution register.	Management	Addressed. Narration on outstanding matters is indicated when reporting the progress to date in implementing the resolutions.	Implemented
25/10/2024	2	All the resolutions that are partially implemented and not implemented should be taken into the 2024/25 financial year with a different template of reporting and different action plans.  A new resolution register should be developed for the 2024/25 financial year.	CAE	Addressed.  Previous year's resolutions have been incorporated in the 2024/25 resolution register and reporting on progress made is done	Implemented
25/10/2024	3	Municipality to have quality assurance team that will assist in checking the POE validation supporting performance as reported.	IDP/PMS	Not addressed.  The team will be established before the end of Quarter 3	Not-Implemented
25/10/2024	4	Directors to guide reasons for deviation so that the performance reports can be realistic and address the challenges.	Management	As soon as the quality assurance team gets established. The team will look at all PMS matters and liaise with management for implementation.  However, draft the PMS reports are sent to management for perusal and inputs before finalisation	In-progress
25/10/2024	5	Municipality to ensure that the transfer of skills by the service providers is something that is being done and that be written in the service level agreements	MM	The municipality has included a skills transfer clause in all new SLA's and all bidders are requirement to submit a skills transfer plan upon bidding.	In-progress

25/10/2024	6	Service provider to assist the management in coordinating their POE's in terms of their service level agreement	PMS Service Provider	<p>As soon as the quality assurance team gets established. The team will look at all PMS matters and liaise with management for implementation.</p> <p>However, draft the PMS reports are sent to management for perusal and inputs before finalisation.</p>	In-progress
25/10/2024	7	The municipality to consider implementing COSO, as the principle of COSO requires the integration of such processes	RIMCO	<p>Risk Management Committee to discuss and strategies on how best can the integration between the IDP.SDBIP and risk register be performed.</p> <p>A meeting to be scheduled in February between RIMCO Chairperson and PMS team</p>	Not-implemented
25/10/2024	8	The municipality to launch the hotline whether it is a local hotline or national hotline and if there are any cases reported, the municipality to look whether can the reported cases go through the Audit Committee so that if it requires them to be referred to the disciplinary board then that process can unfold.	MM	<p>There is a hotline that is managed at a District level for all local municipalities, The Inxuba Yethemba Municipality is represented by communications officer in that committee.</p> <p>For the financial year there has been no issues reported.</p>	Implemented
25/10/2024	9	It was recommended that with regards to the issue of the municipal risk appetite and tolerance level that the municipality does not have due to its financial capacity within a particular financial year, there be a document that will be endorsed by the Council stating that the municipality Council does not have additional controls over specific risks because of the nature and resources limitation of Inxuba Yethemba Municipality	RIMCO	<p>Recommendation to be implemented in quarter four when management has reflected on mitigating measures that could not be implemented due to lack of financial resources.</p>	Not-implemented

25/10/2024	10	Municipality to consult the Provincial Treasury to provide resources for auditing of the risk management processes and an independent report that states the high-risk areas should be submitted to the Audit Committee.	CAE	A letter of request to PT has been drafted. However, it is waiting for approval by the Accounting Officer and then it be sent to the PT District Director	In-progress
25/10/2024	11	It was recommended that such insightful information presented by the Executive Mayor on the Local Economic Development of the Institution not be left out in the annual report of the municipality.	Director IPED	Addressed.  All relevant information on Municipality's local economy has been captured in the draft annual report.	Implemented
<b>28<sup>TH</sup> JANUARY 2025</b>					
28/01/2025	1.	It was resolved resolutions/recommendations that are in progress should be removed from the resolution register and be monitored separately by risk management committee on quarterly basis.	CAE	All recommendations that had been reported as in-progress for an extended period have been removed from the AC resolution register and incorporated into the RIMCO resolution register for continued monitoring.	Implemented
28/01/2025	2.	Resolutions that cannot be implemented or addressed in this financial year due to financial constraints or capacity issues of the municipality, those that are not within the control of the IYM management be removed from the 2024/25 resolution register.	CAE	Addressed, Resolutions that could not be implemented due to financial constraints or capacity limitations have been removed in accordance with the committee's resolution.	Implemented
28/01/2025	3	Accounting Officer to submit the AG's Management report in the next Audit Committee meeting.	MM	The AG's Management Report has been submitted to the AC	Implemented
28/01/2025	4	Budget and Treasury Office should come up with ways of strengthening the processes of internal controls in ensuring that the UIF&WE occurrence is prevented and internal audit is there for detective controls.	CFO	Training of Bid Committees and SCM officials and filling of vacant positions. Ensuring that BAC is reviewing of BEC reports.	In-progress

28/01/2025	5	Chief Audit Executive to provide additional insights about the functions and powers of the Audit Committee to be reflected on the draft annual report as this could enhance the understanding of the committee's role.	CAE	Addressed	Implemented
28/01/2025	6	To include the updated plan derived from the management report issued by the Auditor General (AG) as this will ensure alignment and transparency.	MM	Audit Action Plan has been developed and will be submitted to the Audit Committee by the Office of the CFO	Implemented
28/01/2025	7	Proposal on the establishment of the quality assurance team for the PMS section that will work together with the service provider to be done as this will also assist in a matter of skills transfer by the service provider and the feedback regarding the progress will be reported in the next AC meeting.	IDP/PMS Manager	Office of the MM will facilitate the establishment of the quality assurance team before the end of the Financial Year	Not Implemented
28/01/2025	8	The surplus indicated in both the S72 and S52d reports should include an explanation of whether there has been an improvement.  The collected amounts be combined under a single item.	CFO	The surplus comparison for S72 report was done comparing the current year S72 mid-year report to the previous year after it was submitted to the audit committee. S52d for Quarter 3 does indicate comparisons between quarter 2 and 3. These comparisons are evident by the increase/reduction in revenue and expenditure.  S52d for quarter 3 does incorporate the collection in its section and has explanatory comments. An annexure categorizes these collections.	In-progress

28/01/2025	9	Budget processes be dealt with concurrently with the PMS unit as this will assist in ensuring that adjustments to targets are not done after a service provider has already been appointed, even if the target has not been met.	<b>CFO &amp; IDP/PMS Manager</b>	Budget coincides with PMS in reporting or tracking actual expenditure that is incurred in achieving targets. moreover, in terms of internal staff targets, budget provides the available budget that is allocated in achieving that particular target. However In regards to service providers budget and PMS engagements are in development stages.	In-progress
28/01/2025	10	mSCOA implementation be prepared to track progress and to report properly to the Council.	<b>CFO</b>	mSCOA report for Q3 does track progress on challenges experienced from the previous report and report on its implementations.	Implemented
28/01/2025	11	IA to ensure alignment of the standards used in the report with the new Global IA standards.	<b>CAE</b>	Addressed	Implemented
28/01/2025	12	A task team be established to mark the documents with the numbers that will be used and file them properly so to be captured properly into the electronic document management system.	<b>Director Corp Services</b>	The municipality has appointed interns to assist with the filing system and there is a draft file plan developed to assist with the adequate filling of the municipal documents.	In-progress
<b>25 APRIL 2025 (Ordinary AC Meeting)</b>					
25/04/2025	1	The CAE is to transfer all resolutions with elapsed implementation periods to the Risk Management Committee for monitoring in the next financial year.	<b>CAE</b>	Resolutions with elapsed implementation period have been transferred to risk management for monitoring.	Implemented

25/04/2025	2	The CAE is to amend Resolution No. 13 dated 28/01/2025 to reflect the procurement of Microsoft 365 SharePoint and the integration of archival processes into a digital system.	CAE	Amendments were done on the resolution as it has been transferred to risk management for monitoring	Implemented
25/04/2025	3	Amend the HOD's work plan to prioritize the portal tasks and ensure timely POE uploads.	ALL HOD's	Quarterly reporting is done on FMCMM to management and Council	Implemented
25/04/2025	4	The committee resolved that the <b>Excel-based AIP report be reinstated</b> , as it provides a comprehensive overview of the internal control environment and supports Internal Audit in conducting monthly follow-ups on mitigation actions.	MM	Follow-up audits are conducted by internal audit using both excel and NT Portal	Implemented
25/04/2025	5	The CAE should reclassify all <b>partially achieved action plans with elapsed timelines as "not achieved"</b> in future follow-up reports.	CAE	Implemented when conducting follow-up for the quarter.	On-going
25/04/2025	6	The <b>Risk Management Chairperson</b> should include in future reports a <b>section highlighting risks that have materialized</b> and the implications thereof for the institution.	RIMCO	Risk Management Committee quarterly report has been amended to reflect information on materialised risks.	On-going
<b>26 June 2025 (Special AC Meeting)</b>					
26/06/2025	1	Management to ensure that combined assurance is operating effectively	Manager in the office of the MM	The office of the MM will arrange a training or seek guidance on the adopting and incorporation of the combined assurance on our reporting	In-progress
26/06/2025	2	CAE to map top 10 high-risk areas at a strategic level and top 10 at the operational level.	CAE	Addressed  A report has been tabled to the RIMCO	Implemented

26/06/2025	3	CAE to include a paragraph that will speak to the appointment and removal of the CAE in the AC charter	CAE	Addressed.  Recommendations is covered by clause 6.6.12 of the Charter	Implemented
26/06/2025	4	CAE to reach out to PT in conducting the internal quality assurance processes.	CAE	A formal communication has been drafted and will be submitted to the Accounting Officer for approval prior submission to PT.	In-progress
26/06/2025	5	CAE to adjust the 10% allocated for ad-hoc audits and add another risk-based audit focusing on high-risk areas	CAE	Addressed.  MFMA compliance audit has been added to the IA plan.	Implemented
26/06/2025	6	CAE to update the paragraph from the AC charter that talks about co-opting in the event where the quorum is not met. The paragraph should not specially talk about technical part but to co-opt.	CAE	Addressed, clause 5.1.6 of the AC Charter has been edited to cover the co-opting.	Implemented

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1 Focus on Service Delivery

#### MUNICIPAL RESULTS

Level	Terminology	Color Code
5	Outstanding Performance	Dark Green
4	Performance Slightly above Expectations	Light Green
3	Fully Effective	Very Light Green
2	Performance not fully effective	Yellow
1	Unacceptable Performance	Orange

#### ACTUAL FY PERFORMANCE FOR ORGANIZATION

The above table is used to rate the level of Performance firstly per kpi and then an average per Key Performance Indicator.

Percentage Calculations is done as follows:

- Since Level 3 is Fully effective, it shall serve the basis
- Achievements that are below 2/3 of performance are assigned to Level 1, which will hold a performance of 1/3 which is 33.33% per KPI
- Achievements that are below 3/3 but greater or equal to 2/3 of performance are assigned to Level 2, which will hold a performance of 2/3 which is 66.67% per KPI
- Achievements that are below 4/3 but greater or equal to 3/3 of performance are assigned assigned to Level 3, which will hold a performance of 3/3 which is 100% per KPI
- Achievements that are below to 5/3 but greater or equal to 4/3 of performance are assigned to Level 4, which will hold a performance of 4/3 which is 133.33% per KPI
- Achievements that are equal to or greater than 5/3 of performance are assigned Level 5, which will hold a performance of 5/3 which is 166.67% per KPI. Level 5 is the maximum level that can be claimed for achievement

**FOR FY THE RESULTS WERE AS BELOW**

Planned KPIS	Acheived KPIS	Average Ranking	Effective Ranking	Ranking Description	Average Ranking Percentage	Colour Code
40	34	2.9	2	performance not fully effective	96.67	

**ACTUAL FY PERFORMANCE FOR KPAS**

FY KPA Performance

KPA	Planned KPIS	Acheived KPIS	Average Ranking	Effective Ranking	Ranking Description	Average Ranking Percentage	Colour Code
KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	17	13	2.65	2	performance not fully effective	88.24	
KPA 2: LOCAL ECONOMIC DEVELOPMENT	3	3	3.33	3	performance fully effective	111.11	
KPA 3 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION	9	9	3.22	3	performance fully effective	107.41	
KPA 4: MUNICIPAL TRANSFORMATION AND DEVELOPMENT	6	5	3	3	performance fully effective	100	
KPA 5: FINANCIAL VIABILITY AND MANAGEMENT	5	4	2.8	2	performance not fully effective	93.33	

**DEPARTMENT CUMULATIVE PERFORMANCE FY**

Department	Planned KPIS	Acheived KPIS	Average Ranking	Effective Ranking	Ranking Description	Average Ranking Percentage	Colour Code
Budget and Treasury	8	7	2.88	2	performance not fully effective	95.83	
Community Services	8	7	3	3	performance fully effective	100	
Technical Services	7	4	2.29	2	performance not fully effective	76.19	
IPED	2	2	3	3	performance fully effective	100	
Corporate Services	7	6	3.29	3	performance fully effective	109.52	
Office of the Municipal Manager	8	8	3	3	performance fully effective	100	

## DETAILED PERFORMANCE ANALYSIS

DETAILED PERFORMANCE ANALYSIS

KPA	Dev Objective	KpiCode	KPI Description	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance Reason	Variance Impact	Remedies
financial viability and management	to implement proper expenditure management in compliance with legislation	2425.1.1.1	percentage of creditors paid within 30 days	payment of creditors within 30 days. regular analysis from system and submitted invoi	100	100	59	1	unacceptable performance	33.33	2024-07-01	2025-06-30	.....The significant outstanding balances due to major creditors - such as Eskom and the Auditor General- have placed added pressure on our financial position. cash flow limitations experience in June further impacted our overall performance	.....Low service delivery. inability to pay creditors within 30 days will lead to fruitless expenditure as interest will be charged	.....To address the under performance, we have established structured payment agreements with the affected creditors. These arrangements include consistent, monthly payments aimed at gradually reducing the debt and restoring financial stability. The section are planning to catch up in Q1 25/26 financial year
financial viability and management	to increase the amount of revenue collected annually	2425.1.2.4	percentage monthly collection rate	percentage monthly collection rate opening balance plus billed revenue-closing balance or billed revenue x100	80	80	130	4	performance significantly above expectations	133.33	2024-07-01	2025-06-30	..... We over performed due to effective collection campaigns and strategies, such as reminder emails, calls, and special collection initiatives, has improve collection rates. Policy roadshows were conducted with all wards and Debt incentive policy notices were issued	.....	.....
basic service delivery	to implement proper supply chain protocols in compliance with the infra legislation	2425.1.3.4	Number of SCM reports on the implementation of Supply Chain Management Policy submitted to Council	measurement - the submission of that was made for previous quarter to council and the resolut	4	4	4	3	performances fully effective	100	2024-07-01	2025-06-30			

basic service	to implement	2425.1.3.5	Number of	the	2	2	2	3	performance fully	100	2025-06-0	2025-01-01	30	Start Date	End Date	Variance Reason	Variance Impact	Remedies
KPA	Dev Objective	KpiCode	KPI Description	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance Reason	Variance Impact	Remedies			
delivery	proper supply chain protocols in compliance with the nma legislation		Procurement Plans submitted to council for approval	procurement plan submitted to council and the resolut					effective									
financial viability and management	to improve compliance and adherence to legislation	2425.1.4.2	Number of financial reports submitted	submission of s71 reports within 10 working days after the end of each month to the executive mayor, treasury compile and submit section 52d reports to council for approval 1 per quarter section 72 reports submitted to council for approval 1 report annually in jan fixed asset register in q1 covering year ended to auditor general annual financial statements for the 2024/25 fy and submit to auditor general by 31 augu	19	19	19	3	performance fully effective	100	2024-07-01	2025-06-30						
financial viability and management	to improve compliance and adherence to legislation	2425.1.4.7	Percentage of submission of information requested by ag	address auditor general findings and rfs. for 2024/2025 au	100	100	100	3	performance fully effective	100	2024-10-01	2025-06-30						
basic service delivery	to provide support to indigent beneficiaries in line with the indigent policy	2425.1.4.8	Number of updates to the indigent register	Each revise to the indigent register will require a summary report of the detailed register showing what is revised, the processes and public consultations that were underta	1	1	1	3	performance fully effective	100	2024-07-01	2025-06-30						

KPA	Dev Objective	KpiCode	KPI Description	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
financial viability and management	to improve compliance and adherence to legislation	2425.1.4.9	number of updates to the audit action plan	audit action plan which is monitored and revised and reported on per quarter.		4	4	4		performance fully effective	100	2024-07-01	2025-06-30			
local economic development	to improve local economic development	2425.2.10.1	Number of work opportunities created through Public Employment Programmes	number of revisions to the audit action p appoint epwp workers to be deployed in technical community and iped directors	288	224	314	4	Performance significantly above expectations	133.33	2024-07-01	2025-06-30	90	the over performance is due to additions of new graduates,peace officers for law enforcement. We also retained EPWP participants with skills due to training through the program which is needed for the institution		
basic service delivery	to promote a clean and safe environment	2425.2.1.2	Number of Solid Waste Programmes implemented	measurame nt shall be the activities 1.refuse removal from streets householdbus iness/industry refuse 2. street cleaning/clean siting conducted on a weekly bas	2	2	2	3	performance fully effective	100	2024-07-01	2025-06-30	0			

KPA	Dev Objective	KpiCode	KPI Description	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
basic service delivery	to ensure provision of adequate electricity supply to firm communities	2425.3.2.1	Number of actions undertaken to reduce electricity losses	perform annual audits on technical and non-technical losses of	10	10	10	3	Performance fully effective	100	2024-07-01	2025-06-30	0	.		
basic service delivery	to ensure effective planning and maintenance of municipal infrastructure	2425.3.3.1	Number of infrastructure maintenance plans updated	electricity to ensure minimum electricity losses revise infrastructure maintenance plan every year the plan must be revised and timelines provided	1	1	1	3	performance fully effective	100	2024-07-01	2025-06-30	0			
basic service delivery	to ensure effective construction and maintenance of municipal infrastructure	2425.3.4.10	Number of bulk electrical upgrades	Egg Rock Upgrade of bulk electricity supply	0	1	0	1	unacceptable performance	33.33	2025-04-01	2025-06-30	-1	The target was not achieved due to major delays caused by the prolonged delivery of the switch gear that was ordered, otherwise the poles are installed and the stringing of the wires is complete for the entire scope	The inability to complete the planned bulk electrical upgrades, due to the gear delay, may result in continued strain on the existing electrical infrastructure and potential service delivery interruptions	The electrical section would like to confirm that the gear that was ordered is in transit. The target will be achieved in Q1 2025/2026 financial year

basic service delivery	to ensure effective construction and maintenance of municipal infrastructure	2425.3.4.4	Number of meters of road infrastructure paved	1718	1250	1000	2	66.67	2024-07-01	2025-06-30	-250	The under performance is due to major delays caused by cash flow problems encountered by the contractor appointed which material purchasing of blocks to prolong as well as heavy rains. Furthermore the 250 m was going to be done in Michausdal and in terms of construction methodology the contractor started all the layer works, this then meant that the MIG budget was not enough to complete the surfacing for Michausdal project	Road safety risks as unpaved or poorly maintained roads are more prone to accidents	The remaining 250m of Pine Street will be completed by end Q1 2025/2026 financial year. This is for Pine Street. A completion certificate will be provided on the 30th September 2025.	
basic service delivery	to ensure effective construction and maintenance of municipal infrastructure	2425.3.4.7	Percentage expenditure on mig funds	100	100	100	3	100	2024-07-01	2025-06-30	0	performance fully effective			
basic service delivery	to ensure effective construction and maintenance of municipal infrastructure	2425.3.4.8	Number of YIM facilities	0	1	0	1	33.33	2025-04-01	2025-06-30	-1	unacceptable performance	The unit would like to confirm that the	Delays can lead to price	Will be completed in
KPA	Dev Objective	KpiCode	KPI Description	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
	maintenance of municipal infrastructure		refurbished.	at Cradock Sports Field									project is at 73 percent, due to major delays caused by the synthetic track material which was ordered from China and has arrived in Port Elizabeth but is still undergoing clearance processes. We will then be able to commence with the synthetic track	escalations due to inflation, rework, or vandalism of incomplete structures	Q2 of 2025/2026 financial year

basic service delivery	to ensure effective construction and maintenance of municipal infrastructure	2425.3.4.9	Number of meters of cradock streets rehabilitated	1500	3800	3800	3	performance fully effective	100	2024-07-01	2025-06-30	0					
local economic development	to support the establishment of smmes	2425.4.3.5	Number of smme capacialo n training workshops/ seminars conducted	12	14	15	3	performance fully effective	100	2024-07-01	2025-06-30	1		.....The over performance is due to higher-than-expected interest and demand from entrepreneurs or small businesses seeking support	.....	.....	
local economic development	to implement tourism and heritage management plan	2425.4.4.7	Number of tourism awareness campaigns conducted	4	4	5	3	performance fully effective	100	2024-07-01	2025-06-30	1		.....The overperformance was driven by an unplanned research visit to the Cradock Four Garden Of Remembrance by Rhodes University, recassiliating tourism awareness activities by the department as part of its mandate	.....	.....	
institutional development and transformation	to provide human resources support to all directorates in the municipality	2425.5.1.1	Number of reports on implementation of Human Resource Policy Programmes	3	3	3	3	performance fully effective	100	2024-10-01	2025-06-30	0					
institutional development and transformation	to provide appropriate human resource support to all directorates in the municipality	2425.5.1.2	Number of Local Labour Forum Meetings convened	3	4	4	3	performance fully effective	100	2024-07-01	2025-06-30	0					
institutional development and transformation	to improve institutional capacity	2425.5.2.5	Number of ICT Projects implemented	0	4	0	1	unacceptable performance	33.33	2025-01-01	2025-06-30	-4		Reasons for Performance is Variance, Th	Staff may be forced to rely on manual	The office is busy developing the	

KPA	Dev Objective	KpiCode	KPI Description	Activities	Baseline	Performance Target	Achieved Performance	Rank in Q	Ranking Description	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
Transformation	to ensure knowledge dissemination and compliance with occupational health and safety regulations	2425.5.4.1	Number of occupational health and safety policy programmes implemented from prior year which was missed in q3	<ul style="list-style-type: none"> <li>Installation of biometric system, fire detector and fire suppressors for r500,000 ict help desk system q4 for r300,000 and procurement of office 365 licenses</li> <li>r500,000 note could not be completed in 2024 2025 as was not in procurement p</li> </ul>	3	3	3							<ul style="list-style-type: none"> <li>following two projects have not yet been started due to financial constraints.</li> <li>1. ICT Business continuity and disaster recovery cloud-based recovery site 2. ICT helpdesk ticket system. The other two projects need to be re-advised, because there was an exceeding of the amounts on the bidders side, which means we need to revisit our specifications.</li> <li>3. Microsoft Office 365 business premium volume licenses 4. ICT Server room upgrade</li> </ul>	<ul style="list-style-type: none"> <li>processes or outdated platforms that are time-consuming and prone to mishaps</li> </ul>	<ul style="list-style-type: none"> <li>specifications for business continuity, disaster recovery, and the ICT help desk ticket system by end 31 December 2025. These projects will be implemented in quarter 2 for this new financial year</li> </ul>
				<ul style="list-style-type: none"> <li>q1 - inspections e.g. physical, chemical, biological targeting technical service this is to catch up from prior year which was missed in q3</li> <li>q2 - Issuing of ppe - technical, community, medical screening for waste and electrical department sections</li> </ul>	3	3	3	performance fully effective	100	2024-07-01	2025-06-30	0				

institutional development and public participation	to create work environment in which employees are adequately informed and educated on their well-being	2425.5.5.3	Number of employee assistance policy programmes	developed and reviewed	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
					amended policies strategies, and by										policies that had not been signed before, thus it was required to bring all IYM policies, new and amended policies throughout the review period for consideration and signature.		
institutional development and public participation	to ensure an effective municipal governance in line with applicable	2425.5.7.1	Number of policies, strategies, bylaws	developed and reviewed	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
					training based on skills and	139	141	227	4	performance significantly above expectations	133.33	2024-07-01	2025-06-30	88	..... The over performance was due to unanticipated additional funding which allowed for training more individuals than originally planned		
good governance and public participation	to ensure effective audit and corporate governance function that will result in improved compliance and clean administration	2425.6.1.1	Number of internal audit programmes executed by financial year end	developed and reviewed	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
					implementation various audit programmes by year	18	18	18	3	performance fully effective	100	2024-07-01	2025-06-30	0			
good governance and public participation	to ensure that the municipality operates free of anticipated risk of maladministration, fraud and corruption	2425.6.2.2	Number of strategic risk registers reviewed and monitored	developed and reviewed	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
					review and monitor the strategic risk register and operational risk register every year	2	2	2	3	performance fully effective	100	2024-07-01	2025-06-30	0			

KPA	Dev Objective	KpiCode	KPI Description	Activities	Baseline	Performance Target	Achieved Performance	Ranking	Ranking Description	Ranking Percentage	Start Date	End Date	Variance	Variance Reason	Variance Impact	Remedies
good governance and public participation	to ensure that the municipality operates free of anticipated risk of misadministration, fraud and corruption	2425.6.3.1	Number of anti-fraud and corruption prevention initiatives undertaken	implement to service anti-corruption and fraud prevention pl	1	1	1	3	performance fully effective	100	2024-07-01	2025-06-30	0			
good governance and public participation	to ensure effective performance management	2425.6.4.1	Number of formal performance evaluations for section 56/57 manager conducted	valuations for section 56 and 57 manager perform	2	2	2	3	performance fully effective	100	2025-01-01	2025-06-30	0			
good governance and public participation	to ensure effective performance management	2425.6.5.3	Number of institutional strategic documents developed and submitted to council for approval	develop 1 idp and 1 sdpp, submit to council for approval as legislate	2	2	2	3	performance fully effective	100	2025-04-01	2025-06-30	0			
good governance and public participation	to streamline special programs by ensuring	2425.6.5.4	Number of SPUI strategy programs	implement the approved special	3	3	3	3	performance fully effective	100	2024-07-01	2025-06-30	0			
participation	functionality of all special programmes structures		implemented	programmes that												
good governance and public participation	to promote public accountability	2425.6.6.1	Municipal Public Accounts Meetings held	convene mpac meetings. Only legislate meetings will be measured 1 per Quar	5	4	4	3	performance fully effective	100	2024-07-01	2025-06-30	0			

good governance and public participation	to improve community participation in the affairs of the municipality	2425.6.7.4	Number of public participation strategy programmes implemented	5	the programmes are as directed by the executive mayor and the speaker. the reports should be signed by the office bearer of the mm. the 5 programmes are: - initiation x 2 one in june and other in december reported in q1 and q2 - mm moral regeneration movement -woman caucus -war rooms these take place throuout the y	5	5	5	performance fully effective	100	2024-07-01	2025-06-30	0				

## COMPONENT A

### Water Services

- This is a prerogative of the District Municipality and as such the Chris Hani District Municipality is responsible for Water services in all the 9 Wards of the Municipality.
- Joint programmes are done by the Municipality and the District Municipality as part of the IGR.

### Sanitation Services:

- This is a prerogative of the District Municipality and as such the Chris Hani District Municipality is responsible for Sanitation services in all the 9 Wards of the Municipality.
- Joint programmes are done by the Municipality and the District Municipality as part of the IGR.

## COMPONENT B: TECHNICAL AND INFRASTRUCTURE SERVICES DEPARTMENT

### 3.2 TECHNICAL SERVICES

#### Introduction to Basic Service and Infrastructure

- The primary role of a municipality is to provide and facilitate the delivery of services to its communities. It is therefore imperative for the municipality to understand the extent to which households in its areas of jurisdiction have access to the various services that are essential for their livelihood.
- To effect this, a Comprehensive Infrastructures Plan (CIP) was developed with assistance with the province.
- However, a review of the existing CIP requires a thorough review that will be informed by the current statistical data.
- The CIP is used to influenced for baseline data and informing the projects to be implemented.
- Furthermore, IYM has made a decision to develop an inclusive Infrastructure Investment Plan.
- IYM currently utilizes various sector plans to plan for infrastructure planning and investment.

#### Structuring of the Departmental Functions

No	Section	Functions
1	Electrical and Mechanical	<ul style="list-style-type: none"><li>• Distribution of Electricity</li><li>• Street Light Maintenance</li><li>• Meter Replacement</li></ul>
2	Public Works	<ul style="list-style-type: none"><li>• Vehicle and Plant Mechanics</li><li>• Maintenance and Upgrading of Municipal Infrastructure</li></ul>
3	Project MU	<ul style="list-style-type: none"><li>• Management of Capital Projects</li><li>• Internal and External Funding Management</li><li>• Capital Grants Social Facilitation</li></ul>

## ELECRICITY SERVICES

The Municipality electrical and Mechanical section objective is to provide safe, reliable and cost effective energy supply to its customers within our licenced distribution areas. The National Development Plan requires all licenses holders to accommodate renewable energy as part of the energy grid.

The municipality relies on Department of Electricity and Energy and its own funding for electrification of households.

### Electrical Network

The Municipality has a total contractual Notified Maximum Demand capacity of 14MVA with Eskom, Nxuba 8MVA and 6MVA Middleburg.

The electricity distribution network consists of the following infrastructure

1x 22kv/11Kv substation in Middleburg,

1x 11KV substation in Nxuba,

78x 11KV/400V transformers in Nxuba

101x 11KV/400V transformers in Middleburg and 6x 6.6KV/400V transformers.

### Public lighting

The municipality provides public lighting to all the wards within the municipality with high mast lights and street lights. On the 2024/25 financial year the has been an increase in repairs and restoration on non-functional street lights and high mast lights.

### Electricity budget

The budget made available to Electrical section is used effectively as possible, additional capital and operational is required to replace the existing equipment which has passed its normal working life span. The additional funding would assist in ensuring that the quality of supply and service of electricity network remain at the required levels.

### Vandalism and Theft

On the 2024/25 financial year the has been an increase in theft and vandalism of electrical infrastructure, this affects consumers in areas were theft and vandalism takes place and takes place on street lighting infrastructure.

### Basic Electricity

The Municipality also provides consumers with 50kWh's of free basic electricity every month.

Meter repairs and street light repairs per quarter 2024/25 FY				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of replaced faulty and tampered meters	61	62	159	88
Number of street lights and high mast lights repaired	69	61	47	73

## Electrical Losses (2024/2025)

In the year 2024/25 financial year the electrical losses increase to 22%, this is largely to meter tampering.

In terms of electricity losses, the total electricity losses is broken down into technical and non- technical losses as follows:

- The older the infrastructure the more electrical losses will occur.
- Non-technical losses are caused by actions external to the power system and consist primarily of electricity theft, non-payment by customers and errors in accounting and record keeping.

In order to curb losses to an acceptable standard, an effective meter audit team is required to inspect each meter and to ensure that meter seals are still intact. Meter sweeps/audits need to be done twice a year in order to deter tampering of meters.

The actions that are taken and in progress to prevent for limiting of losses are mentioned hereunder:

No	Measures
1	<ul style="list-style-type: none"> <li>• Inspection of meters during the disconnection drive.</li> </ul>
2	<ul style="list-style-type: none"> <li>• Verification of meter readings during month end.</li> </ul>
3	<ul style="list-style-type: none"> <li>• Meter sweep processes as and when (done internally).</li> </ul>
4	<ul style="list-style-type: none"> <li>• Reports extracted from the system with minimum purchases for the month working in collaboration with Budget and Treasury.</li> </ul>

## ROAD TRANSPORT

- The total road network within Inxuba Yethemba Municipality comprises 242.93km, 125.47km of gravel roads and 117.46 km of permanently surfaced roads.
- Block paving comprises of 14.72 km.
- Addressing the backlog in gravel roads remains a major focus area. For the next financial year, Inxuba Municipality has taken a strategic decision to increase the spending on infrastructure maintenance.
- The Municipality has prepared its Annual Maintenance plans for the Road Infrastructure and it needs funding The Three Year Capital Plan is also in place and is being implemented as per the approved IDP.
- The Gravel Road Maintenance is part of the Annual Infrastructure Maintenance Plan. Involves working one month per annum in each of the municipal wards to address backlogs and maintain existing gravel roads.
- Some of the Roads are constructed in- house making use of Councils plant and equipment's and Municipal Staff when the material is available.
- The Municipality is also repairing its tarred roads based on RRAMS treatment recommendations.

Roads Maintenance Performance Per Quarter FY2024/25				
Road maintenance type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Pothole Repair (segments)	44	49	13	50
Gravel Blading(m)	5 721	4 221	8 496	11 220

NB: Segment is equivalent to 200 m<sup>2</sup> of pothole patched or from one intersection to another

## STORMWATER

- The storm water drainage network in urban areas in the Inxuba Yethemba Municipal area comprises a piped system and open drainage channels. The drainage system is in a fair condition with some instances of poor conditions as some channels were built using the stones in the Cradock CBD and Middleburg portions.
- There are still some areas where there are no formal drainage networks and this causes flooding during summer and easily collapsing of infrastructure due to the impact of the Manganese trucks.
- The upgrading of roads however contributes to the addressing of this backlog as storm water drainage is installed together with the construction of roads.
- Storm water systems are maintained using high pressure jetting and there is a programme in place for cleaning of drains, addressing damaged catch pits, repairing kerbs and channels etc.
- The misuse of the storm water system remains a matter of concern especially due to street sweeping. Maintaining and cleaning the system is an ever-increasing expense and effort.
- The Municipality also has a storm water bylaw that seeks to educate, reprimand and prevent the misuse of storm water by the community.

Stormwater Maintenance Performance Per Quarter FY2024/25				
Stormwater maintenance type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Catchpit Unblocking (number)	16	7	127	19
Gutter cleaning (m)	75	135	1 096	90

## SPENDING AGAINST CAPITAL BUDGET

Grant Name	Project Name	National Registration Number	Appointed Consultant	Appointed Contractor	2024/2025 FY Allocation (R)	Expenditure as at 30 June 2025 (R)	Project Status
<b>Municipal Infrastructure Grant (MIG)</b>	Installation of High Mast Lights in Rosmead	L/EC/20050/23/24	Bokamoco Consulting Engineers	Brainwave Projects	R340 000.00	R891 418,02	Complete
	Paving of Ekuphumleni Streets, Middelburg Ward 9	R/EC/20743/24/26	Kukho Consulting Engineers	KET Civils	R2 400 000.00	R1 716 557,49	Construction
	Upgrading of Municipal Farm Commonages (Cradock & Middelburg)	CS/EC/16751/19/21	Kukho Consulting Engineers	AMS Rhudulu Projects	R390 000.00	R386 211,04	Complete
	Paving of Ezintakeni Internal Routes (Nkonjane; Mpangele; Vukuthu; Indwe), Cradock Ward 1	R/EC/20744/24/26	Dikgato Engineering Consultants	Not Appointed	R1 082 550.00	R1 292 552,01	Design and Tender
	Paving of Chris Hanani and Ekuthuleni Street, Cradock Ward 2	R/EC/18451/22/24	2MC Consulting Engineers	Tandedza Construction	R3000 000.00	R2 499 927.50	Practically Complete
	Paving of Michausdal Internal Routes (Steenbok, Takbok and Springbok), Cradock Ward 4	R/EC/20051/23/25	Dikgato Engineering Consultants	Galadane JV Eroline	R5 298 650.00	R7 202 159.51	Construction
	Paving of Raymond Mhlaba Street, Cradock Ward 6	R/EC/20052/23/25	Buchule Consulting Engineers	Lakhiwe Trading	R4 760 000.00	R3 312 374.43	Construction
	PMU Admin				R953 800,00	R953 800.00	N/A
	<b>Total (MIG)</b>				<b>R18 225 000.00</b>	<b>R18 225 000.00</b>	

<b>Integrated National Electrification Programme (INEP)</b>	8Km 11kV Egg Rock Line Upgrade	N/A	Carifro Consulting Engineers	Brainwave Projects	R6 322 000.00	R6 322 000.00	Complete
<b>Municipal Disaster Recovery Grant (MDRG)</b>	Gemsbok Storm Water Control, Ward8	N/A	2MC Consulting Engineers	LGM Consulting (PTY) LTD	R8 429 000.00	R6 476 350.30	Construction
<b>TOTALS</b>					<b>R32 976 000.00</b>	<b>R31 023 350.30</b>	

## Strategies, Policies and Plans

No	Strategy/Policy/Plan	Status
1	Roads and Stormwater Management Plan	In place, to be reviewed
2	Rural Roads Assessment Management System	In place, to be reviewed
3	Roads and Storm water Bylaw	Not yet Gazzetted
4	ISD (Institutional and Social Development Policy	In place, to be reviewed
5	Capital Project Management Policy	In place, to be reviewed
6	Electricity Supply By-law	Not yet Gazzetted
7	Standard Electricity Supply Bylaw	In place, to be reviewed
8	Small Scale Embedded Generation Policy	In place, to be reviewed
9	Roads Construction and Maintenance Policy	In place, to be reviewed
10	Public Facilities Maintenance Policy	In place, to be reviewed

## Infrastructure Backlogs Inherited from 2022/23 Annual Report

The current reality analysis has shown that the municipality is faced with a daunting challenge marked by huge backlogs in service delivery, socio-economic problems of high unemployment and poverty levels. Solutions to these challenges can potentially be in conflict with or complement each other. For this reason, it is necessary for the municipality to have a macro strategy that will guide decision making when there are conflicting strategic options and also provide a basis for the allocation of scarce resources.

## Highlights of the Department for the 2024/25 Financial Year

Unit /Section	Issues for Attention	Other Matters for Attention
Electrical	<ul style="list-style-type: none"> <li>Secured funding of R6, 32m for the upgrade of the Michausdal of about from Department of Minerals and Resources. The funding was secured in this financial period</li> <li>Funding received for the Energy Efficiency Demand Side Management for the Replacement of 377 Streetlights.</li> <li>The R5m Funding was received from National Department of Energy</li> <li>The fund has been utilised 100%</li> <li>In the Financial period before in terms of the Performance Report there was 87.4 kw that was saved</li> </ul>	<p>The Provision of Bulk Electricity Infrastructure to Egg rock Housing Development was the specific project and is to be launched in the 2024/25 financial period.</p> <p>Through this intervention the Municipality managed to respond effectively to electricity savings</p>
PMU MIG & INEP Grants	<ul style="list-style-type: none"> <li>100% spending of MIG and INEP</li> <li>An additional allocation of R8,429m was received from Cogta through National Municipal Disaster Recovery Grant</li> </ul>	<p>N/A</p> <p>Because this was received mid-year, it cuts across two financial periods, and will therefore be fully utilized in the 2025/26 financial period</p>
Other Achievements from Strategic Planning Resolutions	<ul style="list-style-type: none"> <li>Rehabilitation of Sikhulu Street, Ward1;2&amp;3</li> <li>Upgrading of Municipal Farm Commonages (Cradock &amp; Middelburg)</li> <li>Paving of Chris Hani and Ekuthuleni Street, Cradock Ward 2</li> <li>8Km 11kV Egg Rock Line Upgrade</li> </ul>	N/A
Universal Access to Electricity	<ul style="list-style-type: none"> <li>The Municipality has reached the 100% target on ensuring that everyone is connected on the grid</li> </ul>	Any new low cost housing development will have its application for funding by the Municipality
Overall Performance	The Department achieved an Overall performance of 91.7% in its set annual targets	N/A

### **Municipal Spatial Development Framework (MSDF) Review**

In accordance with the Spatial Planning and Land Use Management Act (SPLUMA) and the Municipal Systems Act (MSA), the Integrated Development Plan (IDP) serves as the strategic blueprint for addressing the socio-economic needs of our communities. To ensure alignment, the Municipal Spatial Development Framework (MSDF) is developed in conjunction with the IDP. The Municipality appointed a service provider to facilitate the preparation of this framework.

Following its approval by the Council in 2022, the MSDF underwent a comprehensive public participation process across both towns, with feedback from residents and external departments integrated into the final document. While the MSDF is typically subject to a five-year review cycle, the Council has scheduled an earlier review following June 2026 to address specific gaps identified by the Department of Cooperative Governance and Traditional Affairs (CoGTA).

### **Integrated Land Use Scheme (ILUS) Review**

The Council formally approved the Municipal Integrated Land Use Scheme on April 28, 2023. The Department of Rural Development and Land Reform provided assistance with the official gazetting of the reviewed scheme. During the reporting period, six (6) Category 1 land development applications were received, primarily relating to institutional development, renewable energy projects, and township establishment. Several significant applications were approved, while two large township establishment applications in Middelburg, each comprising approximately 2 000 erven, remained under consideration due to their scale and associated infrastructure requirements. Outlined below is a summary of the major development projects referred to above.

<b>Category 1 Land Development Application</b>		
<b>No</b>	<b>Application</b>	<b>Status</b>
1	Proposed rezoning and subdivision of erf 5235 Cradock: development of Nomsa Franz Primary School.	Approved
2	A Consent Use Application Is Made On The Following Farm Portions In The Eastern Cape Province, To Accommodate Renewable Energy Structures, A Wind Energy Facility And Associated Infrastructure For The Proposed Kaladokhwe Wind Energy Facility 1, In Terms Of The Section 74 Contained In Chapter 5 Read With Chapter 6 Of The Inxuba Yethemba Municipality On Spatial Planning And Land Use Management By-Law, 2015, Read With The Spatial Planning And Land Use Management Act 16 Of 2013: 1. Remainder Of The Farm Springbok Vlei No. 38 Registration Division Cradock Rd, Eastern Cape Province 2. Remainder Of The Farm Paarde Kraal No. 35 Registration Division Cardock Rd, Eastern Cape Province 3. Portion 1 (Western Springbok Vlei) Of The Farm Springbok Vlei No.38 Registration Division Cradock Rd, Eastern Cape Province.	Approved

	4. Remainder Of The Farm Dwars Pad Leegte No. 114 Registration Division Maraisbrug Rd, Eastern Cape Province.	
3	<p>Re- A Consent Use Application Is Made On The Following Farm Portions In The Eastern Cape Province, To Accommodate Renewable Energy Structures, A Wind Energy Facility And Associated Infrastrucure For The Proposed Kaladokhwe Wind Energy Facility 3, In Terms Of The Section 74 Contained In Chapter 5 Read With Chapter 6 Of The Inxuba Yethemba Municipality On Spatial Planning And Land Use Management By-Law, 2015, Read With The Spatial Planning And Land Use Management Act 16 Of 2013:</p> <ol style="list-style-type: none"> <li>1. The Farm No. 607 Registration Division Cradock Rd, Eastern Cape</li> <li>2. Remaining Extent of Portion 1 (Middel Kraal) Of the Farm Ossen Kraal No. 40 Registration Division Re- A Consent Use Application Is Made On The Following Farm Portions In The Eastern Cape Province, To Accommodate Renewable Energy Structures, A Wind Energy Facility And Associated Infrastrucure For The Proposed Kaladokhwe Wind Energy Facility 3, In Terms Of The Section 74 Contained In Chapter 5 Read With Chapter 6 Of The Inxuba Yethemba Municipality On Spatial Planning And Land Use Management By-Law, 2015, Read With The Spatial Planning And Land Use Management Act 16 Of 2013:</li> <li>1. The Farm No. 607 Registration Division Cradock Rd, Eastern Cape</li> <li>2. Remaining Extent of Portion 1 (Middel Kraal) Of the Farm Ossen Kraal No. 40 Registration Division Cradock Rd, Eastern Cape Prvince.</li> <li>3. Remainder of the Farm Langhoek No. 183 Registration Division Cradock Rd, Eastern Cape Province.</li> <li>4. Portion 3 of the Ruigte Fontein No. 150 Registration Division Cradock Rd, Eastern Cape Province.</li> <li>5. Portion 1 Of The Farm No. 166 Registration Division Cradock Rd, Eastern Cape Province</li> <li>6. Portion 2 of the Farm No.166 Registration Division Cradock Rd, Eastern Cape Provance.</li> <li>7. Portion 7 of the Farm Langhoek No. 171 Registration Division Cradock Rd, Eastern Cape Province.</li> <li>8. Portion 6 (Gedeelte Van Gedeelte 1) Of the Farm Ossen Kraal No. 40 Registration Division Cradock Rd, Eastern Cape Province.</li> <li>9. Remaining Extent Of The Farm De Bruins Requist No. 168 Registration Division Cradock Rd, Eastern Cape Province</li> <li>10. The Farm Roland No. 169 Registration Division Cradock Rd, Eastern Cape Province</li> <li>11. Remaining Extent of Portion 1 of the Gunsteling No. 165 Registration Division Cradock Rd, Eastern Cape Province.</li> <li>12. The Remaining Extent of Portion 1 of the Farm Lange Rif No. 44 Registration Division Cradock Rd, Eastern Cape Province.</li> <li>13. Portion 5 Of The Farm Groote Dam No. 47 Registration Division Cradock Rd, Eastern Province.</li> <li>14. Remainder of the Farm Ruigte Fontein No.150 Registration Division Cradock</li> </ol>	Approved

	Rd, Eastern Cape Province. 15. Remaining Extent Of Portion 1 Of The Farm Ruigte Fontein No. 150 Registration Division Cradock Rd, Eastern Cape Province	
4	Application for: <ul style="list-style-type: none"> <li>• Subdivision of Erf1, Cradock into two portions (Erf 4759, Cradock and Remainder Erf 1, Cradock.</li> <li>• Consolidation of Erven 4759, 4352, 3744, 4524, 1823 and 2698, Cradock.</li> <li>• Rezoning the Consolidated Site (Erf 5906, Cradock) from industrial Zone 1 to Business Zone 1</li> <li>• Consent Uses for a Bottle Store and Warehouse on the Consolidated Site (Erf 5906, Cradock).</li> <li>• Removal of restrictive Conditions in Title Deeds T21326/2009 and T17405/2008.</li> </ul>	Approved
5	Application for Subdivision of The Remainder Of Erf 984, Remainder Of Erf 1034 Consolidation And Rezoning Of The Consolidated Site For The Purpose Of Township Establishment Of +- 2000 Erven, Kwanonzame, Middelburg.	Still being processed
6	Application for Subdivision of Portion 12 Of Farm Grootfontein Nr.891, Remainder of Erf 984, Remainder Of Erf 1206, Closure Of Public Place, Consolidation And Rezoning Of The Consolidated For The Purpose Of Township Establishment Of +- 2000 Erven, Midros, Middelburg.	Still being processed

In line with the Municipality's 2024/2025 Strategic Plan, a land audit project has been scheduled for the current financial year; a service provider has been appointed and the appointment letter duly signed. The land audit is intended to strengthen land management, asset verification, and informed planning decision-making, while budget prioritisation has been directed towards planning and surveying projects, including the creation of sites for middle-income earners.

## LAND DISPOSAL

This unit is responsible for the disposal (sale of land, exchange or donate of land or donate) of or letting of Council's owned immovable property in order to make economic opportunities available in the Municipality for local investors and shareholders. Furthermore, to ensure the greatest possible benefit to the strategic objectives of the Municipality and the needs of the community it serves. Land Disposal Policy is currently in effect and undergoes annual revision and approval by the Council. The section provided planning and technical support to municipal land disposal processes. This included confirming zoning rights, assessing land suitability, advising on subdivision and rezoning requirements, and ensuring compliance with planning legislation and municipal policies. Land disposal initiatives are aimed at supporting service delivery, institutional development and revenue generation. Key land disposal achievements included a land exchange agreement with First Stop Trust, where Erf 667 was exchanged in return for the renovation of municipal flats on Erven 577 and 578 in Cawood Street, Cradock. Council approved the transaction under resolution number

C543/23, and the deed of sale was drafted and signed upon completion of the renovations. The Municipality also donated three properties to the Department of Public Works and Infrastructure for public service purposes. These included Erf 1783 in Middelburg for office accommodation on behalf of the Department of Social Development, Erven 907 and 908 in Middelburg for the Department of Justice (consolidated into Erf 4108), and Erf 5235 in Cradock (Michausdal) for the construction of Nomsa Frans Primary School. Deeds of donation were signed and submitted for transfer processes.

A major challenge affecting land disposal remains the limited availability of bulk water and sanitation infrastructure, which delays the release of land for development and township establishment. Valuation processes and servicing constraints also continue to impact turnaround times.

## **BUILDING CONTROL**

The Building Control function focused on the inspection, approval and monitoring of building plan applications in terms of the National Building Regulations. Inspections were conducted at various construction stages to ensure compliance with approved plans and safety standards. The section also provided guidance to property owners, builders and professionals. During the 2025/2026 financial year, several major building plans were approved in Cradock and Middelburg. These included extensions to commercial buildings, construction of additional classrooms at public schools, a new school development, an animal feed factory and institutional developments.

The approval of major building plan projects yielded significant benefits for the Municipality, investors, and the broader community. These approvals facilitated infrastructure investment, enhanced service provision, and expanded the municipal rates base, while providing investors with regulatory certainty and enabling timely project implementation. Furthermore, the developments contributed to job creation, improved access to social and economic facilities, and the overall stimulation of local economic growth, thereby improving the quality of life for residents. The projects are outlined below:

	<b>ERF NO.</b>	<b>BUILDING PLAN NO.</b>	<b>NAME OF THE OWNER</b>	<b>DESCRIPTION WORK</b>
1.	5906 T	54/25	K Tam Property Trust	Extension to existing building
2.	22 L	30/23	J.A Ncaca Primary	Construction of extra classes (Renewal of plan no: 138/16)
3.	1880 L	31/23	E. Macembe Primary	Construction of extra classes Renewal of plan no: 136/16
4.	2182 M	32/23	Michausdal Primary	Construction of school (Renewal of plan no: 137/16)
5.	Portion 15 of portion 1 of farm Bultfontein no 128	04/25	De Heus	Animal feed factory
6.	RE/81	22/25	Grootfontein Agricultural Development Institute	Construction of extra classes

As part of its financial viability and management Key Performance Area, the Building Control section aimed to enhance municipal revenue generation, with a baseline target of R40 000. This target was successfully achieved through building plan approvals and related fees.

The Building Control section also conducted workshops with builders and developers as part of the municipal Risk Registry, aimed at improving compliance, awareness of building regulations and reducing unauthorized construction activities. To address ongoing challenges, such as unauthorized construction, regulatory non-compliance, and technical errors in submitted building plans, the Municipality hosted capacity-building workshops in Cradock and Middelburg. These sessions were designed to equip local draughtspersons, builders, and the public with the necessary knowledge to ensure full compliance with the National Building Regulations and Building Standards Act, as well as NHBRC requirements.

In accordance with the prescripts of the National Building Regulations and building Standards Act No. 103 of 1977, the Section in the 2023/2024 financial year processed the following building plans:

Status of building plans	No. of building plans
Targets for approval of building plans	108
Number of building plans received	130
Number of approved building plans	108
Number of disapproved building plans	0
Number of building plans in circulation	12

The section experienced several operational challenges during the reporting period. These included limited water and sanitation capacity affecting land disposal and township establishment, continued use of outdated building plan submission methods by some community members, and an increase in unauthorized building structures. Illegal land uses, including the operation of businesses and developments without approved land use applications, remained a concern.

The acquisition and installation of the Geographic Information System (GIS), as envisaged in the 2023/2024 Municipal Strategic Plan, has been successfully completed. Notwithstanding this progress, the Municipality currently does not have a dedicated GIS Technician or intern in place. Despite this constraint, the GIS continues to make a valuable contribution to the processing and assessment of land use development applications, and reporting on its functionality forms part of the Section’s compliance reporting obligations.

However, the full value of the GIS remains underutilised within integrated planning processes due to the vacancy of the GIS Coordinator position. As a result, the broader institutional benefits of the system across various municipal sections are understated and largely unrealised. Although the position of GIS Technician is reflected on the approved organogram, it is not currently budgeted for.

It is therefore recommended that the Municipality prioritise budgeting for the GIS position and conclude the necessary recruitment processes. Alternatively, the appointment of an intern or contract personnel should be considered as an interim measure while sustainable funding is secured. The filling of the GIS position would further strengthen governance and compliance and has the potential to reduce adverse findings by the Auditor-General.

**Conclusion**

In conclusion, the Spatial Planning and Land Use, Land Disposal and Building Control Section made a meaningful contribution to development, service delivery, and local economic growth during the 2024/2025 financial year. Despite operating within a challenging environment characterised by infrastructure constraints



and capacity limitations, the Section successfully processed land development applications, facilitated strategic land disposal initiatives, approved major building projects, and ensured compliance with relevant legislation. The approval of significant institutional, residential, commercial, and renewable energy developments affirms the Section's role in enabling sustainable development and investment within the municipal area.

While notable progress was achieved, key challenges such as limited bulk infrastructure, unauthorized development, and the underutilisation of the GIS system continue to affect operational efficiency. Addressing these constraints, particularly through strengthening human resource capacity and prioritising critical planning tools, will be essential to improving integrated planning and governance outcomes. Going forward, the Section remains committed to enhancing regulatory compliance, supporting Council's strategic objectives, and contributing to inclusive spatial and socio-economic development for the benefit of the Municipality and its communities.

## HUMAN SETTLEMENTS

In terms of the Housing Act No. 107 of 1997, Housing Code date 2009 and the housing accreditation framework, the Inxuba Yethemba Local Municipality aims to promote, facilitate and develop integrated and sustainable human settlements.

The Municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate facilitate, promote and enable suitable housing development. As part of the IDP, to take steps to ensure that the residents of its area have access to adequate housing on a progressive basis and conditions which are not conducive to health and safety are removed.

The role and responsibility of our section pertaining to housing developments projects is to initiate, facilitate and monitor the progress of projects.

The Municipality has developed a Human Settlement Sector Plan (HSSP) that will identify what is required to unlock housing delivery in a particular area of Inxuba Yethemba Municipality, identify what other social and infrastructural services would be required to do so in a holistic and integrated manner.

According to Statistics South Africa, Inxuba Yethemba Municipality has approximately 23,000 households, with a population density of 70,000 people. The total number of houses need to be constructed are included on the Municipal Housing Sectorial Plan

### (a) Highlights

The Section over the year under review has got the following notable highlights: -

No	Highlights on Performance
1	Based on the issues that were raised from the Strategic Planning, the Section has been able to effect the following through the 2023/24 SDBIP
2	The targeted number of destitute houses as resolved in the strategic planning have all been completed and handed over by the MEC,
3	The Title deeds for these houses are still in the process, with target delivery date being, estimated to at the latest the net financial year due to the logistical processes including conveyancing and other matters.



- 4 250 Title deeds for the backlog houses have since been handed to the beneficiary based on the Municipal due diligence process working hand in hand with the Sector Departments.
- 5 The remaining 150 Rectification project houses have been completed during the 2024/25 financial year.

**(b) Urban Projects Submitted For Approval**

The needs of the people in terms of housing have been submitted to the Department of Human Settlement for the duration, progress awaited as there are still with the Department. Different applications which have been submitted are listed in the table below

Applicants Type	Number of Applications	Status
First Time Home Buyers	2500 for Inxuba as a whole	Pending the final consideration of the Department of Human Settlements
Egg Rock Low Cost Income Earners	3000	Pending the final consideration of the Department of Human Settlements
Community Residential Units	800	Pending the final consideration of the Department of Human Settlements
Social Housing Rental Units	1000	

**(c) Human settlements housing development projects Status Quo**

No	Human settlements planned projects and status:	Other Comments
1.	<ul style="list-style-type: none"> <li>▪ Phase 1 of Rectification project has been completed.</li> </ul>	▪
2.	<ul style="list-style-type: none"> <li>▪ Rectification 500 project- 2 Contractors are appointed for the project. 1 contractor will build 299 and the other 201. Site has been established. Construction will commence during the months of</li> </ul>	

February/MarchEB/MARCH  
2026

3.
  - Lusaka 595 (195 units) Project, Construction is in progress. The Contractor has started during this financial year
  
4.
  - The Chris Hani Destitute Programme- 10 Houses have been completed and handed over to beneficiaries.
  
5.
  - KwaNonzame 1000- GIC is currently busy with the Implementation of Engineering Services. Town Planning work such as Subdivision and Rezoning and applications for EIA has been done, and township establishment development plan has been submitted to Municipal Planning Tribunal (MPT).
  
6.
  - Midros 493- GIC is currently busy with the Implementation of Engineering Services. Town Planning work such as Subdivision and Rezoning and applications for EIA has been done, and township establishment development plan has been submitted to Municipal Planning Tribunal (MPT)
  
7.
  - Taleni & Kupiso was appointed to transfer 400 units of the Lusaka 595 project. 250 Title Deeds for houses already completed and handed over to correct beneficiaries. The 150 are in progress

8.
  - 60 Chris Hani Disaster- Land has been availed by the municipality, but the challenge is Infrastructure. Bulk services especial Water and Sanitation impedes the development programmes of Human Settlements
  
9.
  - Military Veterans 27 Project – This project is also affected by the decline number of beneficiaries. Some beneficiaries have passed on and others have already benefited from the Department of Human Settlements. Other Military Veterans have bought houses through banks and were repossessed after they were dismissed. The other major challenge is the Engineering Services such as Water and Sanitation.
  
10.
  - Rosmead 220 Project- The housing development at Rosmead is delayed by the completion of Phase 3 of Upgrading of Informal Settlements, which is the installation of permanent services
  
11.
  - Jolwana & Mgidlana INC were appointed to complete the 418 outstanding Title Deeds of the old project of Vision 2000. The project is progressing with 170 Powers of Attorney signed by the Accounting Officer for the Title Deeds to be lodge with the Deeds Office.

12.
  - Application for land acquisition at Fish River Farm was submitted to the Department of Human Settlements. The application for land acquisition from Transnet aimed at providing shelter to the destitute people living in inhumane conditions along N10 Road has been lodged with the Department of Human Settlement. The matter has been referred to Land Acquisition Department.
  
13.
  - Social Housing Programme, (First Time Home Buyers formerly FLISP, Middle Income Rental Housing and Community Residential Units CRU), the Council has resolved that these programmes must be considered for the municipality. The application for these programmes enrolment is in progress, still with the Department of Human Settlements. Appointment of Service Providers for Feasibility Studies is the next phase of the process.

The mitigation strategy to this Water and Sanitation quagmire is for Chris Hani District Municipality to have a proper planning and budget allocation for these projects. Meetings have been convened with CHDM, DoHS and the IYM pertaining to this challenge of bulk infrastructure. Department of Human Settlements has also committed to have Bi-laterals with CHDM especial where there are projects they want to implement in pursuit of finding solutions to this problem.



## LED STRATEGY

The revised **Inxuba Yethemba LM's Local Economic Development Strategy 2022-2026** seeks to set out a strategic path and trajectory for local economic development over the next 5 years. The strategy contained herein is based on an **Integrated Strategic Planning Model** and is an outcome of a rigorous socio-economic review and a robust stakeholder participatory process. This strategy builds from the previous LED Strategy which expired at the end of 2014 and sets-out a **shared economic development and growth vision** for the municipality, its stakeholders and relevant sector departments both provincially and nationally.

The principal objective of the Inxuba Yethemba LM's Local Economic Development Strategy is to introduce an economic development road map that will create an enabling environment for enterprise development, job creation and poverty alleviation.

For the principal objective to be realised, the municipality must grow its economy by **1.5% – 2% year on year economic growth rate over the next five years (2022-2027)**.

A fully aligned and integrated strategic planning model was used in developing this strategy and that model is alluded to in the ensuing chapters and paragraphs.

### 1.1. The Key Focus Areas

IYLM has a legal mandate to promote social and economic development within its area of jurisdiction. In fulfilling the Local Economic Development Key Performance Area, IYLM has undertaken a process to review its five-year Local Economic Development Strategy.

#### 1.1.1. LED Strategic Objective.

"To create a conducive environment for sustainable and viable SMMEs, cooperatives and Tourism industry through provision of capacity building and financial support".

#### 1.1.2. LED Key Focus Areas.

The municipal focus areas in terms of LED are the following:

- a) Tourism and Heritage development
- b) Agricultural development
- c) Business development.

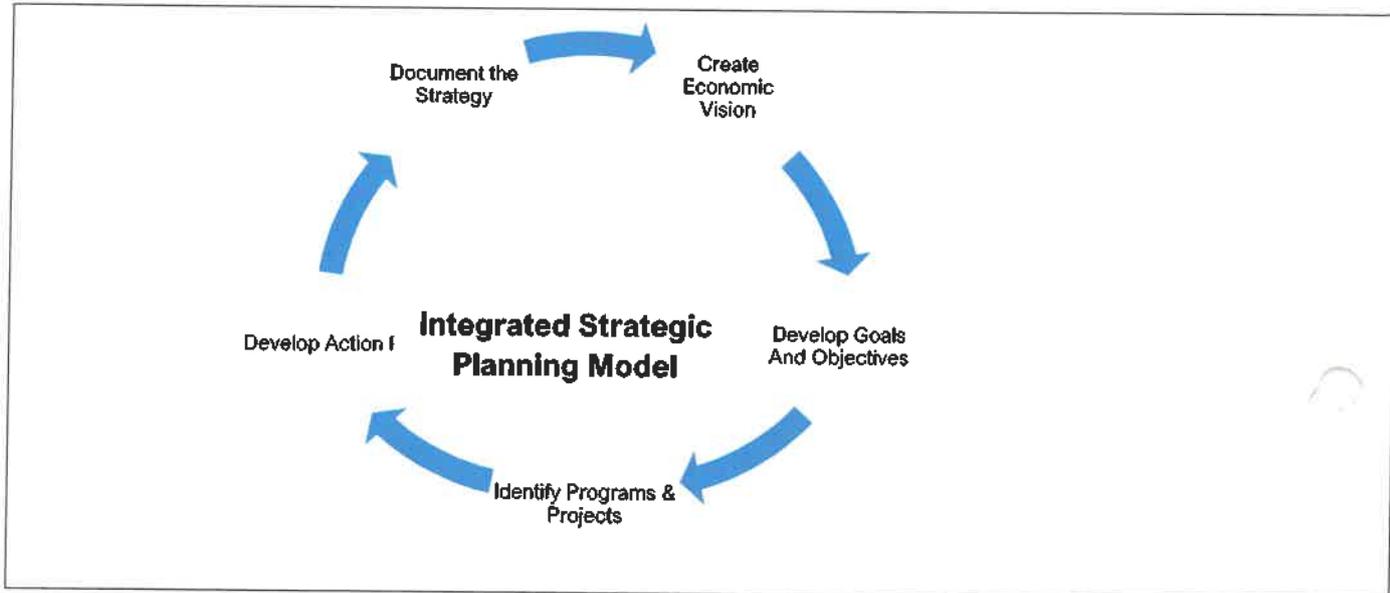
#### 1.1.3. Broad Challenges Facing IYLM LED.

Whilst the specific challenges facing LED have been identified on the SWOT analysis on this document, the IDP also identifies the following broad challenges:

- a) Lack of funding.
- b) Lack of infrastructure / infrastructure that is aging.
- c) High unemployment rates.
- d) Lack of skills.
- e) Poor access to support services.
- f) Limited production/ service delivery.
- g) Limited access to markets.

## 2. STRATEGY REVIEW APPROACH

The Integrated Strategic Planning Model (“ISPM”) has been used in compiling the Inxuba Yethemba LM’s Revised LED Strategy. The ISPM is summarized in the following graphic: -



Key phases as outlined in the ISPM were carried out and implemented through various integrated activities which solicited inputs from internal and external municipal stakeholders at different engagement and public participation platforms. Each of the activities and inputs resulted in various outputs that constituted critical components of the strategy as contained in the full text of this documents whilst others have been included as annexures to the Revised Strategy.

## OTHER PLANS AND POLICIES IN ALIGNMENT WITH THE LED STRATEGY

Strategy , Plan Or Policy In Use	Status
LED Strategy	To be reviewed in the 2025/26 Financial period
Investment Plan	To be reviewed in the 2025/26 Financial period
Heritage Strategy	To be reviewed in the 2025/26 Financial period
Tourism Sector Plan	To be reviewed in the 2025/26 Financial period
Agricultural Commonage Policy	Due for review in the 2025/26 financial period
SMME and Cooperative Development Plan	To be reviewed in the 2025/26 Financial Year. The Policy shall going forward be separated as the Cooperative part of the Policy will now be a standalone.
Business Licencing Policy	Due for review in the 2025/26 financial period
Container Policy	In Draft , to be approved in the 2 <sup>nd</sup> Quarter
Informal Trading Policy	In Draft , to be approved in the 2 <sup>nd</sup> Quarter
Tourism Amenities Management Policy	To be developed in the 2025/26 Financial Period
Contractor Incubation Policy	In draft , to be approved in the 2 <sup>nd</sup> quarter
Youth on Agriculture and Regenerative Farming Policy	To be developed during the 2025/26
Work Exposure Program	To be developed during the 2024/25
Agriculture Learnership Policy	To be reviewed in collaboration with Skills Development
SDF (Spatial Development Framework)	In place , to be reviewed in the 2025/26 financial year
Housing Sector Plan	To be reviewed in the 2025/26 Financial period
Revenue Enhancement Plan	To be reviewed during the 2025/26 financial period

## SMME PROJECTS IMPLEMENTED

The following Projects have been implemented during this Financial Year:

### (a) Promotion of SMMEs

Intervention	Status	Other Comments
Registration of Companies in the CIPC	In-house Registration through the CIPC system , resulting in 16 SMMEs being registered successfully	N/A
Development of Business Plans	Working with SEDFA, the IYM does referrals for Business Plans. A minimum of 4 referrals resulted in their business plans developed by SEDA. IYM has Mou with SEDFA then SEDA for a satellite office in its jurisdiction. SEDFA has since appointed service provider to service IYM on the following business development services: business plan development, applying for funding and training SMMEs.	N/A
	Facilitate implementation of 30% local subcontracting and local labour employment by participating in all PLCs in the Municipal space.	
	Hosting of supplier day : joint effort between BTO (SCM) and IPED (SMME Development Section)	
Support in Sourcing of Funding	Internal Funding Model in place facilitated the funding of 6 SMMEs. 65 SMME were also funded through the SEDA. Department of Smalls Business Development funding secured for	N/A
Capacity Initiatives	Building Based on the needs analysis , the following areas of training were conducted as in formed by the Annual Training Plan:- Trained in Financial Management, Governance, Marketing and Compliance. Sector specific trainings conducted , these include the NHBRC , HCCP,	N/A
After Service	Done at least quarterly	The initiative has resulted in further capacity building and governance building support need
Monitoring and Evaluation	Done at least quarterly	Shortage of staff sometimes leads to the scheduled monitoring not happening as desired.
Stakeholder Engagements	LED Forums, Contractors Forum and Caterers Forums held Quarterly in the previous financial period. Municipality also participates I the PLC of the Mega Projects	Focus to be contained within the LED Forum and the Business Forum as the mother body of the others.

## BUSINESS LICENCING

The Section has introduced an online system for the submission of Business License applications, this system has started to bear fruits as it has eliminated the timeframe it usually takes to approve a business license application it has also made it possible for applicants to submit applications at the comfort of their homes thereby saving them much needed transportation costs and time.

In accordance with the prescripts of the Businesses Act No. 71 of 1998, the Section in 2023/2024 financial year processed the following business license applications

Status of Business License applications	No. Business License applications
Targets (25 per Quarter)	100
Received	36
Approved	27
Pending	0
Disapproved	9

**Challenge:** SMMEs not coming to register subsequent to Notices given and workshop held. The Unit has since resolved to remedy the situation / intervene through awareness campaigns starting from Q1 of 2024/25

### (b) Challenges on the SMME Support

No	Issue Identified
1	Business Continuity
2	Sustainability of Business
3	Operations maintenance
4	Inability to monitor the SMMEs that are funded by Sector Departments
5	Project Management

### Challenges:

1. Business licensing bottlenecks resulting from state department dependences e.g. Home affairs verification of Identification document and legal status in the country.
2. Sector is congested by large number of grade 1 CIDB graded SMMEs
3. Uncompetitive packages and unprofitable employment of numerous subcontractor in individual projects
4. Majority of SMME are unregistered with CIPC, limiting ability to access funding.

### Remedies

1. Host Business licensing round tables  
LED forum meeting
2. Development of an IYM incubator program
3. Packages for local SMMEs must designed to ensure, once completion certificate is issued, contractor is able to upgrade CIDB grading.
4. CIPC registration workshops

## AGRICULTURE SECTION

The integrated planning and Economic Development Agricultural Section provides efficient and effective land use management and land use development and to initiate coordinate and facilitate sustainable Agricultural programs for small holders scale farmers and small scale subsistence farmers, In the period under review Inxuba Yethemba Municipality has continued to support emerging farmers through the implementation of pro-agriculture and rural livelihoods projects. The milestones achieved are summarized under the following key performance indicators. These indicators were:

No	Highlight
1	Inxuba Yethemba Municipality Commonage Upgrading.
2	Erecting of jojo tanks in IYM Commonages in both units.
3	Building of dip tank.
4	Constructing of windmills.
5	Construction of water dams and water

### STATUS QOU OF IMPLEMENTING AGRICULTURAL PROJECTS

#### a) COMMONAGE UPGRADING

List of agricultural projects/2024/2025

Commonage upgrading the project is ongoing project is on stag pack processes.

#### b) ANIMAL IDENTIFICATION PROGRAM

The program will start as as possible the department has procure the tags and is an ongoing program

### PROGRAMS THAT WERE FULLY ARCHIVED DURIND 2024/2025

#### Erection Of Fence

In terms of the approved Service Delivery and Budget implementation plan for 2025/2026 financial year. The section is achieving its target of 500 meters of fence for every Quarter the fence is erected in all commonages in both units Cradock and Middelburg.

#### Farmers Support In Livestock Improvement Program

Support Farmers In Animal Health Programs (Dosing Of Animals)

Services offered to farmers have the potential to boost animal productivity and the service was successfully performed, by the department of iped.in addition Chris Hani District Municipality is assisting with the donation of animal medication.

#### Implements/Inputs Support

The office donated the implements and inputs such as lucerne seeds, vegetable seedlings fertilizers to local vegetable projects the program was a success and is an ongoing program.

### **Custom feed**

Construction of Middleburg custom feed is in progress, the construction of custom feed will introduce the farmers to the formal market, which will operate closely with formal market, which will operate closely with formal markets institutions such as abattoirs auctions and on-site training on how the farmers will participate on customary feed programme and attracts the markets.

### **Challenges**

1. Fence being stolen and vandalised
2. End produce market

## **TOURISM**

### **List of Projects under Tourism for 2024/25**

<b>No</b>	<b>Project Name</b>
1	Cradock Spa and Middleburg Caravan Park Redevelopment
2	Repairs of Vusubuntu Roof
3	Electrification of Cradock 4 Garden of Remembrance

### **Status Quo on the Implementation of Tourism Projects during the Year 2024/2025**

#### **Cradock Spa & Caravan Park Redevelopment Project.**

Following a successful Expression of Interest (EOI) bid by Daku Residential Properties a long-term lease agreement was signed with Inxuba Yethemba Municipality. The signed agreement concluded the Public Private Partnership (PPP) agreement for the redevelopment the Cradock spa and the Caravan Park. Daku Residential as the Lessee is expected to do fundraising for the upgrade and manage the facility to ensure profitability, sustainability, and employment opportunities.

The Municipality as the Lessor is expected to support Daku Residential with eliminating challenges from inception to ensure that the project meet its goals. Critical challenges identified includes the lack of water and security.

Daku Residential Properties is commissioned to take over the facility and ensure that the main objectives summarised below are achieved:

- To transform the Cradock Spa to increase/improve the occupancy rate and create sustainable revenue generation thus unleashing the potential of the facility,
- To unlock the local economic development capable of creating employment opportunities for the people within the Municipality,
- To create a social environment for the local community, and
- To create an investor friendly environment.
- Skills development,
- Creation of employment opportunities,

#### **Planned Action Items for 2024/25**

- Finalize the property valuation to assist in raising necessary funding.
- Address the issues of water, sanitation, and other infrastructure challenges on the site.
- Schedule quarterly meetings to discuss the project status and negotiate any areas of concern.
- Ensure local empowerment and involvement of local businesses in the project.
- Explore the tourism enterprise product funding option.
- Draft statement of the account for the project – expenditure and income since inception.
- Establish a PSC and SLA to ensure running effective facility

## **Status of the Lease Agreement and Management**

- The lease agreement involves three stages: property transfer, management, and development opportunities.
- The municipality is allowed to inspect development processes and ensure ongoing maintenance and repairs.
- Disputes are to be resolved through mediation and arbitration, with a focus on profitability and facility development.
- This agreement clearly outlines the critical elements that include but are not limited to the following:
  - The agreement permits Daku Residential to negotiate and enter into sublease agreements.
  - The 5% of the rental turnover will only become payable once the renovations costs are recovered as agreed upon.
  - Section 8.2 states that Daku Residential should have undisturbed usage of the property. This means that the municipality cannot interfere with implementation of the development plan in any other way as stipulated in the agreement. The termination or dispute resolution is set out in Par 23 and 24 of the lease agreement. Section 10 Maintenance and repair – Daku Residential is obliged to ensure that maintenance and repair of the property. We have contracted personnel from the local community continuously providing these services.
  - Section 14 – Permits Daku Residential to sublet the property.
  - Section 16: Breach – should either Lessor/Lessee be found in breach of the agreement, parties have the right to 30-60 days to remedy the situations. Thereafter, a party can proceed with the process of dispute resolutions as provided in the lease agreement.
  - Section 17 – Termination – Neither of the parties can terminate the agreement without having complied with section 23 and 24 – Mediation and Arbitration.
  - Section 23 and 24 only become applicable once there is a dispute or a breach of contract.

## **Financial Performance and Security Issues**

- The facility has incurred significant financial losses, with proof of payments and income generated.
- Vandalism and security breaches are major concerns, affecting the facility's operations and requiring repeated repairs.
- Employment opportunities have been created, with plans to employ more people if the project gains traction.
- The municipality's role in addressing security and water and sanitation issues is crucial for the facility's success.
- Daku Residential must develop financial statements for the resort on income and expenditure,
- Initial work was done using Daku's own capital contribution, not external funding secure yet.

## **6. 2025/26 Proposed Action Plan**

- The facility aims to achieve profitability by July 2026, with proper regulations and optimized operations.
- Challenges in understanding the business model and managing relationships with the municipality.
- The need for clear communication and collaboration between the municipality and the development.
- The need for the municipality to be involved in the gate takings was emphasized however this is not included in the signed agreement;
- The presentation concludes with a call for the formation of a PSC and SLA to ensure running effective facility.

## COMPONENT D: COMMUNITY & SOCIAL SERVICES DEPARTMENT

### 3.4 COMMUNITY SERVICES

#### PARKS, RECREATIONAL AREAS AND CEMETERIES

The Section is responsible for the greening of open spaces by planting flowers, cutting of trees and grass in all our communities, the development of playgrounds, Sport Facilities, Maintenance of Cemeteries and educational Environmental Awareness Campaigns.

#### PARKS

##### Maintenance of Public Open Spaces

- Routine grass cutting and basic maintenance conducted in municipal parks and selected public open spaces.
- Horticultural maintenance of grassed areas, trees, and plants both towns.
- Infrastructure repair and maintenance of playground equipment, and facilities. Where resources are allowed.
- Support provided to schools and community organisations for the use of municipal parks.
- Provide adequate waste bins and disposal services to Public Open Spaces.
- Ensure adequate lighting and security measures.
- Promoting planting of indigenous trees in community, schools and public open space.



##### Community Well-Being and Social Impact Parks

- Promoting physical and mental health through outdoor activities
- Fostering community engagement and social cohesion
- Providing spaces for youth development and skills-building
- Enhancing quality of life and overall well-being
- Short-term employment opportunities created through EPWP and CWP participants supporting grounds maintenance and cleaning activities.



## **Institutional Support Parks**

- Ongoing coordination between Parks and Recreation, Community Services, and Waste Management to improve cleanliness and safety in public spaces.
- Engagement with ward councillors and community leaders to identify priority areas requiring urgent attention.

## **Operational Challenges**

Despite continued efforts, the following challenges affect the quality and reach of Parks and Recreation services:

- **Limited resources:** Insufficient budget for tools, equipment, and materials for proper park maintenance.
- **Aging infrastructure:** Many playgrounds and sports facilities require refurbishment and safety upgrades.
- **Vandalism and theft:** Damage to benches, fencing, lighting, and play equipment increases maintenance costs and reduces public use.
- **Staff shortages:** Limited number of dedicated personnel to service all wards consistently.
- **Uneven service coverage:** Some parks and recreational spaces receive irregular maintenance due to competing service delivery priorities.

## **Asset Condition and Safety**

- No detailed assessment of the condition of playground equipment, sports facilities, and park infrastructure.
- Lack of reporting on safety compliance, including fencing, lighting, and accessibility for people with disabilities.
- No Staff training and capacity-building initiatives- chainsaw and Brush cutter operators including herbicide application medicals.
- No budget allocated for NDT – Non-Destructive Testing (NDT).

## **Community Usage and Impact**

- No data on how often parks and recreational facilities are used by communities.
- Absence of feedback from residents on the quality and accessibility of facilities.

## **4.3 Long-Term Planning**

- No clear reporting on long-term refurbishment plans for aging parks and sports grounds.
- Limited information on future development of new recreational spaces in growing communities.

## **Recommendations for Strengthening Parks and Recreation Services**

### **Improve Planning and Reporting**

- Develop a comprehensive Parks and Recreation Asset Register with condition assessments.
- Introduce ward-level reporting on park maintenance schedules and service coverage.
- Include safety and accessibility indicators in future annual reports.



### **Strengthen Maintenance Capacity**

- Allocate dedicated budget for basic tools, equipment, and protective clothing for maintenance teams.
- Implement a structured maintenance programme for parks, playgrounds, and sports facilities.
- Improve coordination with Waste Management to ensure regular cleaning of recreational spaces.

### **Enhance Community Participation**

- Establish community park committees or “Friends of the Park” groups to support maintenance and monitoring.
- Partner with schools, sports clubs, and NGOs to promote responsible use of facilities.
- Launch awareness campaigns against vandalism and misuse of public amenities.

### **Promote Youth Development and Social Programmes**

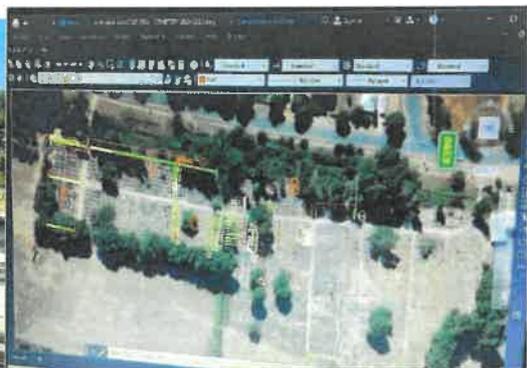
- Expand sport and recreation programmes targeting youth, women, and persons with disabilities.
- Use parks and community halls as hubs for wellness activities, cultural events, and after-school programmes.
- Strengthen collaboration with the Department of Sport, Arts and Culture for funding and programme support

## **CEMETERIES**

### **Maintenance of Municipal Cemetery**

- Regular cleaning and grass mowing maintenance of cemetery and pathways.
- Ensure graves are properly marked, maintained, and respected.
- Accurate records of graves, burials, and cemetery layouts.
- Engage with families and communities on cemetery rules and maintenance.
- All local funeral parlours within our municipality were issued with the Cemetery Standard Operational Plan, outlining operational procedures.
- Expansion of burial sites in Town Cemetery for disposal of dead.





Ntshuba Q2				
Cemetery	Oct	Nov	Dec	Total
Town	R51 920,40	R29 658,80	R28 888,00	R108 477,20
Central	-	-	-	-
Michaudsdaal	-	-	-	-
Ungelthie	-	-	-	-
				<b>R108 477,20</b>

Middelburg Q2				
Cemetery	Oct	Nov	Dec	Total
Midros	R 3 922,00	R4 314,20	-	R 8 236,20
Kwansizame	R4 314,20	R3 098,00	-	R 7 412,20
				<b>R17 648,40</b>

Ntshuba Q2				
Cemetery	Oct	Nov	Dec	Total
Town	-	-	-	-
Ungelthie	R2 408,60	R963,68	R3 281,60	R6 653,88
				<b>R6 653,88</b>

Middelburg Q2				
Cemetery	Oct	Nov	Dec	Total
Midros	R1 972,60	R1 972,60	-	R3 945,20
Kwansizame	-	-	-	-
Mayor Garden	-	R302,50	-	R302,50
				<b>R4 247,70</b>

**Community Well-Being and Social Impact Cemetery**

- Providing a dignified and respectful space for mourning and reflection.
- Fostering community bonding through memorial services and events.
- Preserving local history and cultural heritage.
- Supporting local economic activity through maintenance and services.
- Short-term employment opportunities created through EPWP and CWP participants supporting grounds maintenance and cleaning activities

**Institutional Support**

- Engagement with CHDM EHP to ensure compliance with health and safety regulations.
- There is coordination between the Community Services department and the IPED Agriculture, and Town Planning departments regarding the establishment of new grave sites to meet future requirements, as the active cemetery has limited space for services.
- Ongoing internal training and capacity-building initiatives are being implemented for cemetery staff, but are not accredited.

**Operational Challenges**

Despite continued efforts, the following challenges affect the quality and reach of cemeteries services:

- Vandalism and theft: fencing, lighting, pvc pipe and grave marker.
- Staff shortages: No dedicated personnel to service our cemetery.
- The town cemetery has limited space to accommodate funeral services, as the Central Cemetery is currently under construction.
- Limited resources: Insufficient budget for tools, equipment, and materials for proper maintenance.
- Aging infrastructure: No ablution facilities at our cemetery.
- No stationed Security to monitor sites at night.
- No Data capturing tool Community Services for record keeping. –Only hard records.

## **Community Usage and Impact**

- Burials and memorials are facilitated within the cemetery, thereby enabling families to lay their loved ones to rest and pay their respects accordingly.
- The cemetery serves as a dignified space wherein community members attend to process their grief, facilitating reflection and mourning.
- Various cultural and spiritual practices are accommodated, wherein diverse traditions and ceremonies are undertaken.

## **Long-Term Planning**

- No clear reporting on long-term expansion and development: The municipality to undertake initiatives to identify suitable land for future burials.
- Maintenance and upkeep: Improving cemetery management and maintenance to preserve dignity.
- Cemetery record keeping is to be updated accordingly to reflect current standards and practices.

## **RECOMMENDATIONS**

### **Improve Planning and Reporting**

- Develop a comprehensive cemetery management plan.
- Conduct regular cemetery audits and assessments.
- Set clear performance targets (grave allocation, maintenance)
- Implement regular reporting on cemetery operations and finances
- Enhance record-keeping and data management

### **Strengthen Maintenance Capacity**

- Increase staffing and training for cemetery maintenance teams.
- Improve equipment and resource allocation.
- Implement regular maintenance schedules and checks.
- Enhance waste management and grounds keeping practices.
- Establish clear maintenance protocols and standards.

### **Enhance Community Participation**

- Establish a cemetery advisory committee with community representatives
- Host community meetings and feedback sessions
- Conduct surveys to understand community needs and preferences
- Develop educational programs on cemetery care and cultural practices
- Foster partnerships with local groups for maintenance and upkeep

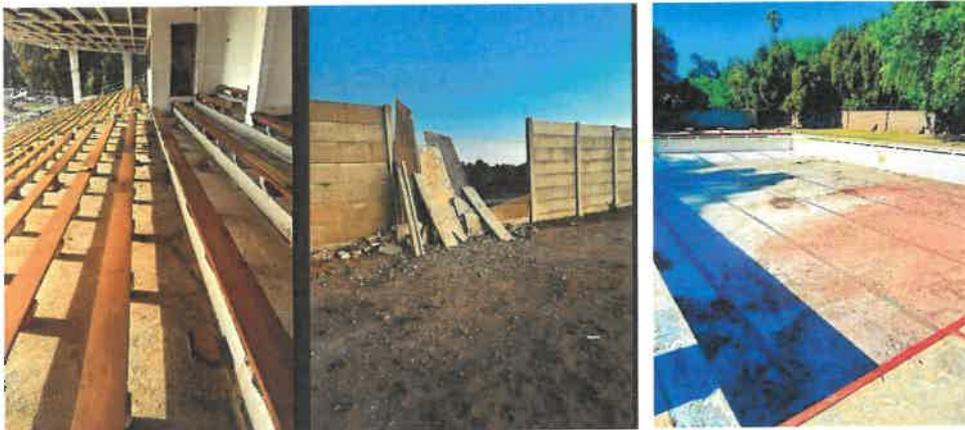
### **Promote Youth Development and Social Programmes**

- Organizing educational tours and workshops on cemetery conservation and history
- Creating volunteer opportunities for youth in cemetery maintenance and restoration
- Developing social programs focused on memorialization, grief support, and cultural heritage
- Hosting cultural events or art initiatives in the cemetery
- Collaborating with schools to integrate cemetery-related projects

## RECREATIONAL FACILITIES

### Maintenance of Sports Facilities.

- Regular cleaning and upkeep of fields, courts, and equipment.
- Scheduled inspections and repairs.
- Refurbishment of Cradock sport facilities through Dsrac
- Ensuring safety standards are met.
- Managing bookings and usage effectively.
- Coordinating with staff and stakeholders.
- Horticultural maintenance: Herbicide application and fertilising of sport facilities.
- Infrastructure repair and maintenance ablution facilities and irrigation systems.





## **Community Well-Being and Social Impact Facilities**

- Promote physical activity and health.
- Foster community engagement and social connections.
- Provide spaces for events and activities.
- Support youth development and skills-building
- Contribute to local identity and pride
- Career development opportunities to community members.

## **Institutional Support Sports Facilities**

- Ongoing coordination between Parks and Recreation, Community Services, and Waste Management to improve cleanliness and safety in Facilities.
- Engagement with ward councillors and community leaders to identify priority areas requiring urgent attention.

## **Operational Challenges**

Despite continued efforts, the following challenges affect the quality and reach of Sport facilities management:

- Limited resources: Insufficient budget for tools, equipment, to meet standard.
- Aging infrastructure: Many sports facilities require refurbishment and safety upgrades.
- Vandalism and theft.
- Staff shortages: Limited number of dedicated personnel to service all wards consistently.

## **Asset Condition and Safety**

- Regular inspections and audits.
- Maintenance schedules for equipment and infrastructure.
- Safety protocols and emergency plans.
- Staff training on safety and risk management.
- Community reporting mechanisms for hazards or issues.

## **Community Usage and Impact**

- No data on how often facilities are used by communities.
- Absence of feedback from residents on the quality and accessibility of facilities.

## Long-Term Planning

- No clear reporting on long-term refurbishment plans for vandalised sports facilities.
- No reporting on future development of new sport facilities in growing communities.
- Annual report does not include details of contract leases for sport courts, specifically highlighting: Lease agreements in place for sport courts , Duration of leases, Terms and conditions of leases and Status of lease compliance

## RECOMMENDATIONS

### Improve Planning and Reporting

- Develop a comprehensive facilities management plan.
- Set clear goals and KPIs (e.g., usage rates, maintenance costs).
- Regularly review and report on progress.
- Engage stakeholders in planning and decision-making.
- Use data to inform future planning and resource allocation.

### Strengthen Maintenance Capacity

- Allocate dedicated budget for basic tools, equipment, and protective clothing for maintenance teams.
- Implement a structured maintenance programme for sports facilities.
- Improve coordination with Waste Management to ensure regular cleaning of sports facilities.

### Enhance Community Participation

- Hosting events and tournaments that cater to diverse interests
- Offering programs for different age groups and skill levels
- Partnering with local schools and organizations
- Promoting facilities through social media and community outreach
- Gathering feedback to understand community needs

### Promote Youth Development and Social Programmes

- Offering sports clinics and training sessions
- Partnering with schools and community groups
- Creating mentorship programs with local sports stars
- Hosting events that focus on skills development and teamwork
- Providing access to facilities for underprivileged kids

**Table 6: Cemeteries and Crematoriums**

Town	Breakdown	Actual Location	Status Quo
Cradock	4	Central, Michausdal, Lingelihle & Town	Central and Cradock cemetery is the only functional cemetery. Others are only reserved for children, In Lingelihle is now reserved for people who had purchased reserved spaces .

Middleburg	3	Midros, Nonzame & Town	All Cemeteries are fully functional
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#### Activities conducted during the year under review - CEMETERIES

- Identification and marking of gravesites were conducted
- Grass Cutting and Tree Removal
- Daily Management of Gravesites
- Standard operation procedure (SOPS) and Parlour forum

#### Additional Information

As a Policy and Performance Objective, the unit seeks to preserve and protect the natural environment and bio- diversity.

Inxuba Yethemba Municipality operates and maintains recreational and sporting facilities. These facilities include 6 sports facilities as well as 6 recreational & entertainment parks which cater for a variety of sporting codes including soccer, netball, rugby, tennis, athletic tracks and hockey which is part of the indigenous games.

Vandalism of facilities is an area of concern however; we do have security company appointment to combat vandalism.

Employment of security personnel would assist to mitigate the scourge of vandalism suffered. Constant supervision is also required as another mitigation measure.

The cost of the operation and maintenance of sport facilities remains a challenge as sport facilities do not generate enough income to cover the operation and maintenance expenditure.

The department has a technical team (welder, builder & tiller) which is responsible for in-house renovations and maintenance.

A tree felling team which is responsible for the trimming of trees, cutting down of nuisance trees such as trees obstructing electric lines & traffic, trees posing as danger to public, removal and control of alien invasive and exotic trees that pose a threat to the environment.

The Department is responsible for the maintenance of public open spaces, road curbs, road islands and entrance gardens within the Municipal wards.

The Department operates and maintains 1 active cemetery in Cradock and 3 active cemeteries in Middleburg. The services provided include the timely and correct preparation of graves for use, maintaining a register of graves and the maintenance of cemeteries to an acceptable level of tidiness.

#### LIBRARIES

- Inxuba Yethemba libraries are:
- To provide for measures to address inequality for provision of public libraries and resources.
- To maintain consistency for delivery of services through information dissemination and books circulation.
- To promote access to public libraries by providing free membership and free admission.
- To establish Library committees and book clubs.
- To facilitate educational workshops
- Grant received - DSRAC = R2 900 000.00

**(a) Objectives**

Inxuba Yethemba Municipality has Six (6) libraries within the jurisdiction of the area. All libraries, i.e. those located in the area, Cradock Town, Michausdal, Lingelihle, Kwanonzame, Midros and Middleburg Town.

All the libraries are in a good working conditions except for Middleburg library roof that needs to be fixed. These services are rendered by the municipality through a service agreement with Department of Sport Recreation Arts and Culture (DSRAC).

These libraries including the all libraries operate from Monday to Friday. Rosmead has tend one classroom into one Library and DSRAC supported with books. The location of the mini library which caters for the blind and partially blind is at the Masizame in Lingelihle and is one of the municipality's successful project. Each Library has a side hall whereby the students conduct the weekly activities which includes reading, spelling bee and debates.

**(b) 2024/25 Set Objectives for Library Section**

Performance Objectives	Key Performance Indicator	Actual	Comments
Protect library material through awareness campaigns	Number of annual awareness's/Library orientation	4	Programmes are based on library events calendar, demand from school, invitation from institutions
Improving Membership	Number of new memberships		The membership due to increased effort has since increased compared to the previous financial period.
	Number of school visits conducted	16	Based on request and awareness calendar

## **WASTE MANAGEMENT AND REFUSE REMOVAL**

Waste Management and Refuse Removal are core service delivery functions of Inxuba Yethemba Local Municipality, directly contributing to public health, environmental protection, and the creation of clean and dignified communities. During the reporting period, the Municipality focused on ensuring consistent refuse removal services across urban, minimising illegal dumping, and promoting responsible waste management practices. Through the implementation of Integrated Waste Management Programmes (IWMP), community awareness initiatives, and collaboration with stakeholders such as EPWP and CWP, the Municipality continued to address service delivery challenges while striving to comply with environmental legislation and municipal by-laws. This highlights the progress made, key challenges experienced, and interventions undertaken to improve waste management services and enhance the quality of life for the residents of Inxuba Yethemba Local Municipality.

### **Key Highlights for 2024/25**

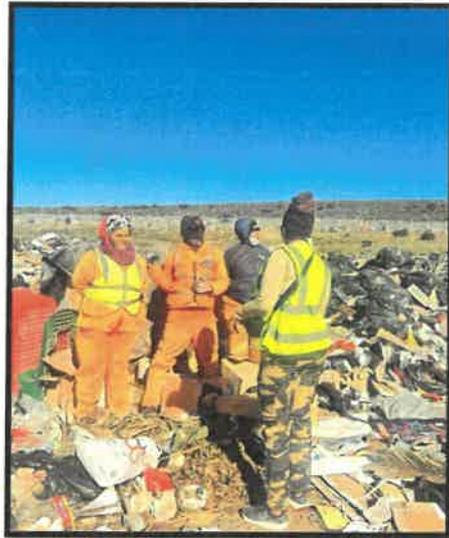
#### **Service Delivery Improvements**

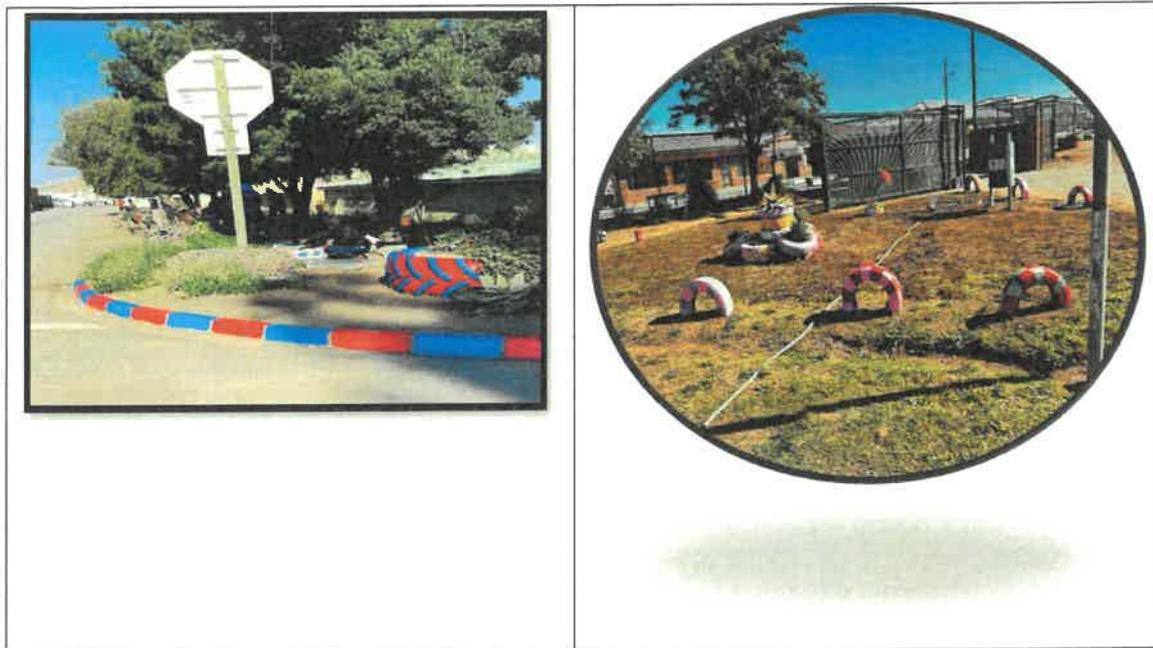
- Continued provision of refuse removal services across formal residential areas and public facilities and distribution of 4 black bags once a month in each and every household.
- Targeted clean-up campaigns conducted in high-risk illegal dumping zones.
- Increased collaboration with EPWP (380), LGSETA(12), DFFE (80) and CWP (682) participants to support street cleaning, poverty alleviation and environmental maintenance in both units.
- Grants received in 24/25fy  
CWP= R9 200 000.00  
PUBLIC WORKS (EPWP) = R2 294 000.00  
EPWP Municipal Support = R 3 000 000.00

#### **Environmental Health and Community Impact**

- Noticeable improvement in cleanliness around schools, clinics, taxi ranks, and community halls following coordinated clean-up operations.
- Contribution to improved public health outcomes through the reduction of illegal dumping and waste-related hazards.
- Creation of short-term employment opportunities for local youth and women through waste-related programmes.
- 25 participants from the EPWP group were given accredited training partnering with Ikhala College (Shelf Fillers).
- 40 Participants from CWP group were given accredited training partnering with COGTA under Plumbing, Bricklaying and Carpentry certificate.







### **Institutional and Operational Efforts**

- Ongoing implementation of the Integrated Waste Management Plan priorities, including community awareness on waste reduction and responsible disposal.
- Strengthened coordination between the Waste Management Unit, Environmental Health, and Law Enforcement in addressing non-compliance.

### **Operational Challenges**

Despite progress, several challenges continue to affect service delivery:

- **Fleet limitations:** Aging refuse trucks and frequent breakdowns reduce collection efficiency.
- **Budget constraints:** Insufficient funding impacts equipment maintenance, protective clothing, and expansion of services to underserved areas.
- **Illegal dumping:** Persistent hotspots remain in some wards, particularly in open spaces and near informal settlements.
- **Infrastructure gaps:** Limited number of skips and public waste bins in high-footfall areas.
- **Community cooperation:** Inconsistent participation in waste management initiatives in certain neighbourhoods.
- **None availability of peace officers to do law enforcement.**

### **Environmental Compliance and Landfill Management**

- Both landfill sites are licenced and a qualified service provider is rehabilitating both sites.

### **Recycling and Waste Diversion**

- The Municipality has partnered with Petco to train participants, this is beneficial as it will be the exit strategy for the registered women that have established the cooperative for their recycling.

## RECOMMENDATIONS FOR STRENGTHENING WASTE MANAGEMENT

### Improve Reporting and Accountability

- Introduce ward-level service delivery indicators for refuse collection and street cleaning.
- Publish annual statistics on illegal dumping incidents, clean-up operations, and enforcement actions.
- Include landfill compliance status and environmental risk assessments in future reports.

### Enhance Operational Capacity

- Develop a fleet renewal and maintenance plan for refuse collection vehicles.
- Increase the number of skips and waste bins in high-density and high-traffic areas.
- Strengthen partnerships with EPWP, CWP, NGOs, and community groups.

### Promote Community Participation

- Roll out sustained awareness campaigns on waste separation, illegal dumping prevention, and environmental responsibility.
- Establish school-based eco-clubs and youth volunteer programmes to promote environmental stewardship.
- Introduce a complaints recording reporting system through departmental secretaries via log-calls.

#### (a) Objectives

The driving objective of the refuse removal is to provide an efficient, effective and economic service.

Key Performance Indicators	Key Performance Objective
<b>1 General KPIs</b>	
<b>Access to refuse removals</b>	To ensure that all households have access to a basic refuse removal service.
	To ensure that clearance of illegal dumping is done consistently to all wards.
<b>Clearing of illegal dumping</b>	Promote Environmental awareness in the community Conduct clean up campaigns

#### (b) Comment on the performance of Cleansing and Solid Waste section

Currently, the section operates with 4 reliable compactor trucks, which ensure smooth rendering of services from time to time and ensuring refuse collection is done with due diligence in all the wards.

## HIV AIDS COORDINATION

- Coordination happens within the Inxuba Yethemba Municipality takes place through the Social Cluster to programs and awareness campaign in all these social clusters.
- At the Municipal level, this is chaired by the Mayoral Committee member of Community Services, working as the Local Aids Council and at Ward level termed as Ward Aids Council with the same structure.
- Service delivery is effected through the Service days driven by the Municipality by all the different departments under the Social and Economic Cluster
- The Programme works with other NGOs with programs like GBV, Drug abuse and others.
- The Municipality also offers assistance to indigent burials subject to pre-approvals for the applications made by the households through Ward Councillors. An independent Assessment of each application submitted is verified or subjected to due diligence.
- Clinics and Ambulances are operated by provincial government.
- Environmental Health Practitioners are deployed by CHDM.

## ARCHIVES

### (a) Highlights

No	Issues for Attention
1	The Department is in the process of having Records in collaboration with ICT to develop an in-house electronic filing system. The projected completion of the project is the beginning of Q2 of the financial period 2025
2	Changes in the filing system include the translation of the Old Afrikaans Files to English.
3	In-house workshop to bring staff awareness on Records Management and circulation of correspondence

## RECORDS MANAGEMENT

### (a) Challenges

No	Issues Highlighted
1	Records and archives are not fully functional due to limited capacity including the personnel to do the functions
2	Archives is still a challenge due to space
3	Offsite backup still in the process and was decided in the strategic planning
4	No reference records management policy in place, still to be developed
5	Municipal still operating a manual recording system to consider automated

## REGISTRY OFFICE

The registry office is responsible for centralizing the institution's documents, as section 13 of the National Archives and Records Service of South Africa Act of 1996 mentions. The office's responsibility is to manage its records in a well-structured record-keeping system and to put the necessary policies and procedures in place to ensure that its record keeping, and records-management practices comply with the requirements of the Act.

The registry office is responsible for keeping the institution's records. The office must comply with the standardization to ensure the municipality has a safe place to keep its records.

The existing storage system must be improved to handle the growing volume of records for the entire institution. The National Archives of South Africa recommends using steel cabinets other than wooden storage systems due to their exposure to fire, pests, and humidity, which can compromise the integrity of important documents.

### (a) The role of the registry office.

Receiving the records  
Accessing the records  
Record custodians  
Records Retention

Archive or preserve  
Destroying records  
Prepare records for transfer

**(b) The current state of the registry office.**

**Staffing**

The registry office is one of the institution's key offices, specifically when there is a request for information. The office must be fully capacitated, as national archives and records management recommended. Currently the office has one permanent staff member and is a junior staff, making it very hard to function fully.

Office space has been identified for the registry.

The Public Works building has been identified as a suitable facility for records storage. It offers ample space and can be outfitted with appropriate shelving and storage systems that comply with national standards. This facility will also allow for better environmental control, reducing the risk of damage to records from fire, pests, and humidity.

**File Plan and Policies**

- A file plan, a record plan, a records classification system, or a file index is a tool used to organize and manage records in an office. It can be used for paper and electronic records and helps keep records accessible, organized, and easily identified.
- The registry does not have a recommended file plan in place, and the policies are not there to assist the Inxuba Yethemba municipality as the files should not keep the documents in the staff offices, as the national archives policy prescribes.

**(a) Improvement Plans**

- That Management consider allocating a budget for Renovation of the Public Works building to accommodate a modern records storage system.
- The current organizational structure must be revisited to ensure sufficient personnel are dedicated to the registry office.
- The office space must be revamped to improve workflow and support the new records management system.

## MUNICIPAL PUBLIC TRANSPORT INCLUDING TRAFFIC SERVICES

### Transport (Including Vehicle Licensing)

- a) The Municipality is registered as a
- b) Registering Authority in Accordance Section (1)
- c) Driver licences Centre in Accordance Section 8.
- d) Vehicle Testing Centre in Accordance Section 37 of the National Road Traffic Act (Act 93 of 1991)

The municipality also deliver the Fire Brigade Services in accordance the Fire Brigade Act 99 of 1987) and Disaster Management in accordance Disaster Management Act (Act 57 of 2002)

#### (a) Introduction to Vehicle Licensing

- Licensing and control
- The municipality has 2 Vehicle Testing Stations, 1 in Cradock and 1 in Middelburg.
- Both these stations are Grade A, which means any type of vehicle can be tested (Trucks, Trailers and Motor Cycles)
- As for the Testing for Learner's and Driver's Licences, in Cradock its Grade A testing (Testing of Light motor Vehicles, Heavy Motor Vehicles and Motor Cycles. In Middelburg it's Grade B testing (Testing of Light and Heavy Motor Vehicle Testing)
- The Testing of Learner's Licences is conducted electronically.
- Cradock VTS has been upgraded.
- Safety cluster meetings are held on a regular basis including Justice Stakeholder's meetings, district and provincial cluster as well as road incident management system.
- AARTO (abbr) system will commence in July 2026.

**Table 7: Transport**

TRANSACTION	MUNICIPAL			AMOUNT		
	CDK	M/BURG	TOTAL	CDK	M/BURG	TOTAL
Appl. for Drivers Licence	97	3	100	R31 014.00	R882.00	R31 896.00
Issue of Drivers Licence	869	391	1260	R174 960.00	R80 352.00	R255 312.00
Appl. For Learners Licence	302	122	424	R64 326.00	R25 986.00	R90 312.00
Issue of Learners licence	81	34	115	R5 589.00	R2 346.00	R7 935.00
Professional Driving Permit	198	130	328	R21 384.00	R14 040.00	R35 424.00
CCF Drivers Licence						
Temporary Drivers Licence	594	221	815	R53 184.00	R21 024.00	R74 208.00
Duplicate Learners Licence	2		2	R360.00		R360.00
Registration	826	168	994	R109 032.00	R22 176.00	R131 208.00
Duplicate Certificate/Man Issue						
Duplicate TRN	1	2	3	R642.00	R1 284.00	R1 926.00
Duplicate Registration Certificate	44	23	67	R28 248.00	R14 966.00	R43 214.00
Blank Permit Books	27		27	R28 350.00		R28 350.00
Temporary Permit	20	1	21	R2 100.00	R105.00	R2 205.00
Special Permit	2	8	10	R162.00	R648.00	R8 10.00
Duplicate PLN & SLN	10	6	16	R2 160.00	R1 296.00	R3 456.00
Duplicate BRNC						
MTN for motor vehicle	12	1	13	R4 475.90	R741.00	R5 216.90
<b>Total</b>	<b>3085</b>	<b>1110</b>	<b>4195</b>	<b>R525 986.90</b>	<b>R185 846.00</b>	<b>R711 832.90</b>

**(b) Drivers Licence**

Cradock

Number Tested	Pass	Failed	Absent	D/qualify	Cancel	Postponed
83	29	54	1	0	0	0

Middelburg

Number Tested	Passed	Failed	Absent	D/qualify	Cancel	Postponed
3	0	3	0	0	0	0

**(c) Learners Licence**

Cradock

Number Tested	Pass	Failed	Absent	D/qualify	Cancel	Postponed
306	78	228	15	0	0	0

Middelburg

Number Tested	Pass	Failed	Absent	D/qualify	Cancel	Postponed
118	34	84	3	0	0	0

**VEHICLE LICENCE****CRADOCK****MIDDELBURG**

Due To Council

R950 606.87

R272 557.99

Paid To Province

CRADOCK

MIDDELBURG

R4 050 405.08

R1 161 954.24

**CHALLENGES**

- VTS still needs to be upgraded in Middelburg.
- Appointment of pound master
- Construction of pound facility in Nxuba
- Shortage of Traffic Officers
- Shortage of Fire Fighters personnel

## HIGHLIGHTS ON THE 2025/26 DEPARTMENTAL SDBIP PERFORMANCE

### No Issues heightened on Performance

Establishment of mini-library for the blind in Masizame, this is in fulfilment of the planned strategies approved by Council during the Strategic Planning.

Waste Management – Every household serviced weekly , Business serviced Weekly,

Clean up campaigns through EPWP and CWP daily in every ward

Flood Mopping in collaboration with the DFFE (Department of Fishery Forestry and Environment)

Removal of illegal dumped hips in different wards, done by Municipal.

Greening in those places where there is open spaces. This is meant to reduce the illegal dumping in open spaces.

Awareness Campaigns against littering done Quarterly, with 12 done. These are have been a success regardless of the Financial constraints

The Awareness Campaigns also incorporate tree planting in partnership with Sector Departments in a quest to improve Climate Change Management. These have been a success with much improvement form the 2022/23 Financial year.

Libraries have contributed to community literacy levels, also awareness campaigns have been held during the course of the year

## CHALLENGES IMPACTING ON THE DEPARTMENTAL OPERATIONS

### No Issues Raised

- 1 Increased rate of Vandalism of the Library facilities leading to losses assets of the Municipality.
- 2 Roofing to be fixed at Middleburg Libraries. This will be funded through the DSRAC Service Level Agreement which is in place
- 3 Vacancies of the budgeted and funded positions still pending, which need acceleration from the corporate Services
- 4 The Operational Budget from DSRAC has also increased by R400,000, however the Prepared Business Plan or Maintenance Plan costing (R3.4m) is still far above the increment for the Year and the Outer years
- 5 The issue of Security and Safeguarding of Library Facilities has also been flagged as a very high risk priority areas categorised as catastrophic.
- 6 The launch and operationalisation of the mini library which caters for the blind and partially blind situated at the Masizame in Lingelihle is one of the municipality's successful project for year.

## IMPROVEMENT PLAN

No	Action Plan
1	<ul style="list-style-type: none"><li>Improvement of the security in Municipal facilities, weighing the cost of the losses vs the current amount paid for the alarm systems. There is an urgent need for physical personnel for the safeguarding of the facilities. This must be considered in the Adjustment Budget as a priority.</li></ul>
2	<ul style="list-style-type: none"><li>Strengthening ICT collaboration with other Stakeholders to improve the Library Services as tool for Research empowerment and information sharing</li></ul>
3	<ul style="list-style-type: none"><li>Online reading program is also one of the targeted interventions for the next financial period. It is envisaged that the program will start during the first quarter of the 2024/25 period. The program is done in collaboration with benchmark to be done with the City of Johannesburg</li></ul>
4	<ul style="list-style-type: none"><li>Participation in the National Funda Mzantsi competition is also earmarked as one of the programs that the Municipality would participate in. This is funded by National Library of SA and DSRAC and will have no financial implications to the Municipality.</li></ul>
5	<ul style="list-style-type: none"><li>The pipeline for the Community Services also includes the development of the Central cement for additional sites. These are the existing Municipal facilities that the expansion was earmarked for. The appointed Service provide will commence as soon as the procurement processes are finalised, which as at the date of reporting is still in progress. This perceived as a response to the public outcry on the shortage of space for local burials.</li></ul>

### 3.5 SERVICE PROVIDER PERFORMANCE

### SERVICE PROVIDER PERFORMANCE

No.	Contract Number	Project Name	Business Unit	Service Provider/Supplier	Project Status	Start date	Expected Completion Date	Duration	RATING OF SERVICE PROVIDERS/CONTRACTORS	WAS THE WORK COMPLETED TO YOUR SATISFACTION	RATED BY
1	transversal contract	Financial system	BTO	R data	Ongoing	1-Jul-24	30-Jun-25	12 months	4 - Good	Ongoing	Mr Fokazi
2	IYM05/04/2021T	Supply and Delivery of Data Backup and Recovery Solution	Corporate Services	LCK TECHNOLOGIES	Completed	31-May-21	30-May-24	36 months	4 - Good	Yes	Mr Myeni
3	IYM01/04/2021T	Appointment of Panel of Service Providers for the Supply and Delivery of PPE for 36 months	Corporate Services	Tomitjie Pty Ltd, Inamaqabe Trading, Beloved Adventures & NMIN General Dealers	Completed	1-Jul-21	30-Jun-24	36 months	3 - Fair	Yes	Mr Kana
4	IYM03/04/2021T	Supply and Delivery of Network Infrastructure Solution	ICT Infrastructure	LCK Technologies	Completed	23-Sep-21	30-Sep-24	36 months	3 - Fair	Yes	Mr Myeni
5	IYM04/04/2021T	Supply and Delivery of Serve Infrastructure	ICT Infrastructure	LCK Technologies	Completed	8-Oct-21	31-Oct-24	36 months	3 - Fair	Yes	Mr Myeni
6	IYM01/02/2022T	Supply, Delivery and installation of Telecommunication Solution	Corporate Services	Intellehub (Pty )Ltd	Ongoing	22-Jul-22	21-Jul-25	36 months	4 - Good	Yes	Mr Myeni
7	IYM01/04/2022T	Appointment of pool of service providers for sourcing of funding	Technical Services	Buchufe Engineers NinyisoConsulting Daku Residential Properties	Ongoing	13-Jul-22	31-Jul-25	36 months	4 - Good	Yes	Mr Kelemba
8	IYM05/09/2022T	Appointment of accredited service provider for new venture creation training	Corporate Services	Network for Career Development	Ongoing	22-May-23	21-May-24	12 months	4 - Good	Yes	Mr Notwala
9	EXPRESSIO N OF INTEREST	Development opportunity of the Cradock Spa and the Caravan Park on a Public Private Partnership	IPED	Daku Residential Properties (Pty) Ltd	Ongoing	25-Apr-23	24-Apr-25	45 years	3 - Fair	No	Mis Makhwabe
2.	IYM02/08/2022T	Supply and Delivery of Road Maintenance Materials and Machinery	Technical Services	Endline Investment Amyoli Civils (Pty) Ltd Akani Corporate Solutions	Ongoing			36 months	4 - Good	Yes	Mr Mibem
3.	IYM01/09/2022T	Supply and delivery of Refuse Bags	Community Services	Amyoli Civils (Pty) Ltd	Completed	12-Dec-22	11-Dec-24	24 months	4 - Good	Yes	Mrs Majiba
4.	IYM01/11/2022T	Lease of printers for a period of 36 months	Corporate Services	Sky Metro Equipment	Ongoing	16-Jan-23	15-Jan-26	36 months	3 - Fair	Yes	Mr Myeni

No.	Contract Number	Project Name	Business Unit	Service Provider/Supplier	Project Status	Start date	Expected Completion Date	Duration	RATING OF SERVICE PROVIDERS/CONTRACTORS	WAS THE WORK COMPLETED TO YOUR SATISFACTION	RATED BY
5.	IYM02/02/2023T	Appointment of Municipal Valuer to conduct general valuation roll and supplementary roll	BTO	Sizane Property Services	Ongoing	1-Jul-23	30-Jun-23	60 months	4 - Good	Yes	Mr Koopman
6.	IYM01/04/2023T	Appointment of a service provider for the compilation of annual financial statements and assist during audit	BTO	Nyalambisa Financial Services	Ongoing	1-Jul-23	30-Jun-26	36 months	4 - Good	Yes	Mr Fokazi
7.	IYM02/04/2023T	Appointment of panel of legal services for a period of three years	Corporate Services	Nolte Smit Inc	Ongoing	1-Feb-24	31-Jan-27	36 months	4 - Good	Yes	Mr Mahokoto
				Joubert Galpin & Searle Inc		19-Feb-24	18-Feb-27		4 - Good	Yes	Mr Mahokoto
				Peypere Attorneys		20-Feb-24	19-Feb-27		4 - Good	Yes	Mr Mahokoto
				Talenti Godi Kupiso Inc		21-Feb-24	20-Feb-27		4 - Good	Yes	Mr Mahokoto
				Dyushu & Mejebe Inc		1-Feb-24	31-Jan-27		4 - Good	Yes	Mr Mahokoto
				Mjenzane Attorneys Incorporated		19-Feb-24	18-Feb-27		4 - Good	Yes	Mr Mahokoto
				Jolwana Migidlana Inc		19-Feb-24	18-Feb-27		4 - Good	Yes	Mr Mahokoto
				Clark Laing Inc		19-Feb-24	18-Feb-27		4 - Good	Yes	Mr Mahokoto
				Wesley Pretorius and Associates		19-Feb-24	18-Feb-27		4 - Good	Yes	Mr Mahokoto
				Ambona Attorneys		19-Feb-24	18-Feb-27		4 - Good	Yes	Mr Mahokoto
Siya Cokile Inc	1-Feb-24	18-Jan-27	4 - Good	Yes	Mr Mahokoto						
BLC Attorney	1-Feb-24	18-Jan-27	4 - Good	Yes	Mr Mahokoto						
Magqabi Seth Zita Incorporated	19-Feb-24	18-Feb-27	4 - Good	Yes	Mr Mahokoto						
Nandi Bulubula Inc	19-Feb-24	18-Feb-27	4 - Good	Yes	Mr Mahokoto						
PX Limba Attorneys Incorporated	19-Feb-24	18-Feb-27	4 - Good	Yes	Mr Mahokoto						
NE Mbewana	1-Feb-24	31-Jan-27	4 - Good	Yes	Mr Mahokoto						
8.	IYM04/01/2024T	Appointment of a service provider for GRAP compliant asset management	BTO	Nyalambisa Financial Services	Ongoing	1-Jun-24	31-May-27	36 months	4 - Good	Yes	Mr Fokazi
9.	IYM05/01/2024T	Appointment of a service provider for performance management	MM	Engnet Solutions	Ongoing	1-Jun-24	31-May-27	36 months	4 - Good	Yes	Ms Serobebe
10.	IYM01/05/2024T	Provision for short term insurance for a period of three years	BTO	Kunene Makopo Risk Solution	Ongoing	1-Jul-24	30-Jun-27	36 months	3 - Fair	Yes	Mr Yekani
11.	IYM02/03/2024T	Provision for panel of service	Corporate	Summat Training Institute	Ongoing	1-Aug-24	31-Jul-27	36 months	3 - Fair	Yes	Mr Yekani

No.	Contract Number	Project Name	Business Unit	Service Provider/Supplier	Project Status	Start date	Expected Completion Date	D
		providers for training and special need for employees, councillors and unemployed	Services	Umthombolwazi Consultants Fort Hare Solutions Doughtul Skills Development Konwaba Training Institute Tasc Consulting		1-Aug-24 1-Aug-24 1-Aug-24 1-Aug-24 1-Aug-24	31-Jul-27 31-Jul-27 31-Jul-27 31-Jul-27 31-Jul-27	
12.	IYM02/06/2024T	Provision for Security Services	Corporate Services	Black Panther Protection	Ongoing	1-Nov-24	31-Oct-27	36
13.	IYM02/07/2024T	Service providers for provision of revenue base strategies, processes and funding prioritization on a risk basis on entity core functions for IYM for a period of three (3) years.	IPED	Tundra Buzz Leolo Partners CA				
	RT57	Supply and delivery of municipal vehicles	Technical Services	Maximum Profit Recovery	Not Started	1-Nov-24	31-Oct-27	36
14.	IYM04/07/2024T	Appointment of a service provider for the supply, delivery, configuration and maintenance of ICT system for 36 months	Corporate Services	Toyota South Africa (Pty) Ltd	Completed			12
		Supply and Delivery of prepaid meters for a period of three years	Technical Services	LCK TECHNOLOGIES	Ongoing	1-Nov-24	31-Oct-27	36
15	IYM02/09/2024T			Kuso and Bhongo	Ongoing	8-Jul-25	30-Jun-28	36

## **CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE**

### **COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL**

#### **4.1 Introduction**

Corporate Services department is responsible for the Human Resources Management-functions which include the following:

- Organisational efficiency and improvement
- Staffing in relation to recruitment, selection and appointments

#### **4.2 Organizational efficiency and improvement**

During this financial year organizational structure was reviewed and critical position were identified, some of the positions were filled whilst other position were referred to the next financial year due to the financial constraint.

#### **4.3 Staffing in relation to recruitment, selection and appointment**

- Various pieces of legislation govern this function and prescribe in detail how tasks must be performed in order to ensure a legal, fair and transparent process that protects the rights of employees or outside candidates who apply for positions.
- A revised organogram was accepted by the two unions at the Local Labour Forum after a long consultative process.
- Critical posts were identified as part of this review process and some of these posts were filled to support efficient and uninterrupted service delivery.

#### **4.4 Some of the challenges that remain unresolved include:**

- The scarcity of local candidates with appropriate skills to fill vacant posts
- The ever increasing costs to appoint candidates with relevant qualifications and experience
- The costs of advertising and the additional cost that relocation of new staff can bring about
- The shortage of candidates meeting the “equity profile” who apply for posts

#### 4.5 Employee Totals, Turnover and Vacancies

##### Employee Totals, Turnover and Vacancies Staff

Table 21: Employee information

Employee information for year ended 30 June 2025			
	Male	Female	Total
Number of active employees	285	113	398
Salary weighted average age (years)	47.34	43.73	44.79
Weighted average past service (years)	11	8.64	10.19

Employees (T4.1.1)					
Description	Year -1	2024/2025			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies
Amenities	35	45	29	16	16
Electricity	29	50	29	21	21
Environmental Services	55	84	55	29	29
Housing	8	8	8	0	0
Local Economic Development	48	85	48	28	28
Public Safety	25	52	23	26	26
Roads	43	53	41	34	34
Solid Waste Management Services	31	45	33	22	22
<b>Total</b>	<b>305</b>	<b>336</b>	<b>153</b>	<b>188</b>	<b>188</b>

Table22: Vacancy Rate

Description	Total Approved Posts No.	Vacancies (Total Time vacancies exist using fulltime equivalents) No.	Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	100
Other S56 Managers (excl. Finance Posts)	4	2	50%
Law Enforcement	36	28	78
Fire Fighters	6	4	50
Middle Management Level (excl. Finance Posts)	17	11	49
Middle Management Level (Finance Posts)	5	2	39
Highly Skilled Supervisors (excluding Finance Posts)	51	26	49
Highly Skilled Supervisors (Finance Posts)	7	3	43
Total	128	75	50%

**Overall Comment**

As per the above table, the 60% average vacancy rate as apportioned amongst the categories is also part of the transitional recruitment plan filling. The key redflags relate to the traffic department as essential services, where such a number needs to be highly prioritized.

Law Enforcement	36	28	78
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The same is under consideration in the Budget and Treasury Department which is the key section on Audit and other Financial Management Services which are the support services to the core business of the Municipality. The acceleration plan to selectively fill the most critical positions that will enhance the cause and ensure improved services is to be done based on council collective decision making as advised by Management,

Highly Skilled Supervisors (excluding Finance Posts)	51	26	50
--	----	----	----

#### NOTE

The Municipality has scheduled a Skills Audit subject to availability of funds, in order to determine its existing skills pool. This will ensure that the Policy on prioritizing internal candidates is effectively implemented by ensuring a large pool of skilled workforce.

This will prevent lower grade positions being advertised externally due to skill and meeting of criteria by internal candidates. The intention of promoting upward mobility will be further reinforced by intense capacity skills for these categories so as to qualify in the positions once advertised.

#### 4.6. Turnover Rate

Table23: Turnover Rate

Details	Total Appointment(Permanent as at the beginning of Financial Year)	Total Temporal	Terminations during the Financial Year	Turnover Rate
Year – 2024/2025				
Divide the number of employees who have left the organisation within a year by the total number of employees who occupied posts at the beginning of the year				
Total	128	77	60	

Turnover Rate: Strategies are in place to improve work performance and thus reduce the turnover especially in the light of the location of the Municipality and the aspect of scarce and specialised skills.

Overall Comment: The rate is within the targeted norm of 5%. The existing situation is attributable to a variety of underlying causes that may include the organisational climate and the effect of employee satisfaction. The Employee Satisfaction Survey as a way of employee engagement has been delayed as approved in the Strategy review due to funding. This will combat or reduce the turnover rate and impact on organisational performance. This will be adequately budgeted for in the next budget. The HR Strategy update also will consider the alignment of the Retention Policy and the Talent Management Policy.

#### 4.6. Status of Acting – Critical Vacancies

Table 24- Acting Positions

Financial Year s	Position	Status	Action Taken	Possible Filling Date
Year – 2024/2025	Corporate Services	Vacant	Acting Incumbent appointed by the Municipality as interim measure.	31 March 2026 as the latest subject to suitable Candidate
Comment: Processes on recruitment still being pursued				

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.7 Municipal Policies and By-Laws

#### Institutional Policy Management and Oversight

- The Municipality on an annual basis undertakes a policy review process, which is finalised by the end of May annually. During the year under review, all the different Directorates reviewed their affected Policies. There were 4 By-Laws reviewed and submitted to Council during the year under review. A total number of reviewed Policies (109) were submitted to Council for approval by 31 May 2025.

**Table of Approved Policies**

Technical Services	11 Policies
MM Office	7
BTO – Budget Policies	11
BTO – SCM Policies	4
BTO – Revenue	9
IPED	7
HR	24
EAP	2
Housekeeping	1
Labour	4
OHS	3
Skills	3
ICT	19

See Attached ANNEXE XXX For Detailed Listing of Policies and By-Laws

### 4.8 Summary of Filled and Vacant positions

Total number of filled positions as at 30 June 2025 was 398 whilst total vacancies were.

Description	2024/2025			
	Approved Posts No.	Employees No.	Vacancies No.	Vacancies
Amenities	113	51	62	62
Electricity	33	25	8	8
Environmental Services	32	26	6	6
Housing	7	7	0	0
Local Economic Development	21	9	12	12
Public Safety	26	9	17	17
Roads	59	31	28	28
Solid Waste Mgt Services	49	33	16	16
<b>Total</b>	<b>340</b>	<b>191</b>	<b>149</b>	<b>149</b>

#### 4.9 Injurie, Sicknesses and Ill-Health 2024/25

##### (a) Mitigation to the previously reported Challenges on Injuries and Ill – Health 2024/2025

In mitigation the above, the following interventions were done during 2024/25:-

No	Previously Reported Challenges	Interventions by 30 June 2025
1	Near – Miss incidents and accidents not recorded nor reported	Timeous and complete recording of the incidents and also ensuring close monitoring by OHS Officer
2	Late reporting of accidents or incidents	Timeous and complete recording of the incidents and also ensuring close monitoring by OHS Officer
3	OHS programs not implemented due to issues such as negligence, non-implementation of the Policy resulting in unintended consequence	Ensure that the Supervisors are accountable and that PPE monitoring to be compulsory before starting work by staff
4	Inadequate work facilities	Supervisor must be provided with desktop
5	Shortage of Staff to service the entire Municipality	Recruitment of competent staff with adequate background in OHS
6	Lack of awareness of OHS despite different programs and workshops to the staff	Intensive Training of Supervisors in different sections and ensure compulsory enforcement of consequence management

#### OTHER MATTERS FOR REPORTING

Additional Interventions were made in other areas through other OHS programs working with other Departments internally. These included trainings on evacuation and fire drills. The members of the OHS committee as planned will attend skills program to conduct and carry out duties as required by the OH act. These include Health and Safety Rep, First Aiders, Fire Coordinators, Incident investigation procedure and use of fire equipment.

#### 4.10 LABOUR RELATIONS

- During the 2024/25 financial year, the Labour Relations Officer has acted as Legal service Manager
- Two officials report to the Labour Relations Officer directly and are however not permanent.
- This has had implications on the filling of the vacancies under the unit as per the approved Organograms

#### Highlights for the year ended 30 June 2025

- Reduced number of cases due to management and supervisors taking responsibility of the staff matters
- Training done for supervisors which also improved staff performance and disciplinary matters
- Specific Training on Disciplinary and Supervision was conducted during the year
- 4 Labour Law Awareness Workshops were conducted for all levels

#### 4.11 LITIGATIONS

Two-year comparative shows that there has been a decrease in the number of legal matters being handled by the Unit on behalf of the Municipality. Common areas of litigation include the negligence, insurance claims emanating from Infrastructure failures,

These are those which are initiated externally where the Municipality as the defendant is thus to be defended by the Legal Experts that are in the currently approved Panel of Legal Experts.

Below is the High-level Summary of the Cases as extracted from the Contingent Liabilities

#### Summary Of Litigation Matters As The End Of The Quarter

Litigation Trend	No Cases Inherited From The Previous Quarter	No Of New Cases Registered In The Quarter	No Of Matters Finalized During The Quarter	No Of Pending Matters
Compliance related	2	0	2	0
Contractual and SCM related	3	0	2	1
HR and Labour related	6	0	2	4
Public liability ( MVA, bodily injuries, unlawful arrests etc)	5	0	0	5
Immovable property related ( land use management, evictions, invasions, unlawful demolition etc)	1	0	0	1
General damages	0	0	0	0

### Summary Of Litigation Matters, Contingent Liability And Payments Made

Litigation Trend	Contingent Liability	Payments Made To The Legal Practitioners
Compliance related	0	0
Contractual and SCM related	R 677 925.31	R46 818.75
HR and Labour related		R 457 904.29
Public liability ( MVA, bodily injuries, unlawful arrests etc)	R 1 122 511. 50	
Immovable property related ( land use management, evictions, invasions, unlawfulemolition etc)		
General damages		
Other (specify)		
<b>TOTAL</b>	<b>R 1 800 436.81</b>	<b>R 504 723.04</b>

#### 4.12 SUSPENSIONS

Below are the details of the Precautionary Suspensions for the period ended 30 June 2025

Table 25: Suspensions

Directorate:	Date of suspension:	Status of suspension:	Status of case:
BTO	20/08/2025		Investigation underway
Technical Services	16/09/2024		The case has is being finalized
Technical services	18/ 09/ 2023		Review applications was submitted at the labour court in terms section 145 of LRA
Corporate Service	28/08/2023		charges have been drafted the case will commence.
Total of number of suspended employees	4		
Active disciplinary hearing of suspended	3		

Comments

## **Challenges**

- Capacity within the institution to prosecute matters
- Misconception and resistance around the area of suspensions

## **Improvement Plans**

- To have a programme of capacitation of management through a 6 months qualification or program in an institution of learning based on budget constraint
- Improvement
- Internal Stakeholder roadshows on Labour related matters including the areas such as Suspensions, Appeal, Jurisdiction of Courts, Consequence Management when failing administrative duties resulting in such matters as Fruitless and Wasteful Expenditure.
- Consequence Management Training in line with Labour-related Policy matters
- Progressive Discipline that will also include internal Rehabilitation working close with Wellness
- Creating a Conducive Working Environment

## 4.13 EMPLOYEE ASSISTANCE AND WELLNES PROGRAMME

### Background

- The EAP section's core function is to promote and enhance employees' health and wellbeing of all employees in the organisation, whose aim is to providing health and social being services to aid the personal problems of employees which could impact negatively on the work performance.
- The Employee Wellness Office is under the Corporate Services section.
- The programme is governed by Employee Wellness Policy which was last reviewed in 2024/25
- The Policy will form part of the 2025/26 Policy review, due to some new areas identified both during the change management training and the strategy review session.

### Highlights on Employee Wellness Programme

- Employee Wellness Programmes include provision of Psychosocial, Psychological, Physical and socio- economic services to all employees.
- In the 2024/2025 financial year various Employee Wellness were successfully conducted.
- Employee Wellness is one of the area that has been identified to be under-developed and under-capacitated given its impact and role in the change management processes.
- The outcomes of human capital challenges weigh heavily on Employee Wellness which also aggravated by the Organisational Climate at times.
- The Municipality agreed to prioritise and invest in the employee's wellbeing. Development of an Employee Wellness Strategy has been identified as a prominent need in addressing the identified gaps.
- An Employee Satisfaction Survey will be conducted and the Budget for Wellbeing will be improved. The envisaged that the exercise will also deal with some of root causes of employee turnover and the overall Organisational Performance challenges.
- The Municipality is in the process of developing an Employee Wellness Strategy. This will also encompass the Change Management aspects as part of Organisational Transformation. The Strategy will extend to the Municipal Supervisors Forum which is one of the functional forum whose functional mandate is to deal with employee's well-being matters at Departmental level.
- Wellness forum will be formulated based on the approval of Municipal Manager with a mandate of ensuring that wellness programmes are implemented.
- The Municipality is collaborating with Strategic Partners such as Private Doctors, Department of Social Development, Department of Health, Department of Correctional Services and external private entities such as Old Mutual, Sanlam, Metropolitan Life and Liberty Life to ensure that the employee's well-being matters are addressed.
- Below are the planned interventions for Employee Wellness in the 2025/26 financial period:-

- ✚ No Activity/Intervention (Session, Workshop, Training, Referral) Budget  
Psychosocial intervention
- ✚ No Budget required Educational awareness (Workshops, substance abuse trainings) R500000  
Therapeutic services (mental health, sessions, referrals) R200000  
Physical Wellness (Sports, boot camps, indigenous activities) R500000  
Emotional and spiritual services (Bereavement Services) R800000  
Team building services (Departmental sessions with professional expert) R100000

**Activities conducted during o 2024/2025 financial are as follows:-**

Beneath is the attached Psychological and psychosocial, socio economic educational Report where all the quarterly activities are expressed. Substance Abuse activities of 2024/2050financial year are herein attached. This approached was used as an innovative strategy to attract more participants.

NO	SUBMITTED	CATERGORY	NO. OF IYM EMPLOYEES	DATE
1.	<b>Psychosocial support</b>	Psychosocial Activities	<b>95</b> employees received counselling and psychosocial support	Annual
2.	<b>Emotional Support</b>	Bereavement Activity	<b>22 families</b> benefited through counselling this service during grieving moments. <b>04</b> Memorial services were conducted for the families that had lost their loved ones	Annual
3.	<b>Educational Support</b>	Educational Awareness	<b>02</b> Financial educational wellness t0 total number of 40 employees has been conducted by Glopin Healthcare Consultants. Women Cancer Awareness event was conducted with success of <b>143 employees</b> benefited during the second quarter.	Annual
4.		Workshop	<b>05 Labour Wellness Awareness Workshop</b> where issues of policies ,ethical behaviours and Substance abuse matters where dealt with has been conducted during this quarter and number of <b>184 employees benefited</b>	Annual
5	<b>Psychological support</b>		<b>05</b> employees were referred to psychologist for further services	Annual

**Challenges Impacting on the Effectiveness of the Program**

- Budget Constraints
- Awareness by the Municipal Community
- Lack of Understanding by Employees

### Improvement Plans

- The Municipality agreed to prioritise and invest in the employee's wellbeing. Development of an Employee Wellness Strategy has been identified as a prominent need in addressing the identified gaps.
- An Employee Satisfaction Survey will be conducted and the Budget for Wellbeing will be improved. The envisaged that the exercise will also deal with some of root causes of employee turnover and the overall Organisational Performance challenges.
- The Municipality is in the process of developing an Employee Wellness Strategy. This will also encompass the Change Management aspects as part of Organisational Transformation. The Strategy will extend to the Municipal Supervisors Forum which is one of the functional forum whose functional mandate is to deal with employee's well-being matters at Departmental level.
- Wellness forum will be formulated based on the approval of Municipal Manager with a mandate of ensuring that wellness programmes are implemented

### 4.14 COMMITTEES

The section has got 3 staff members with a Supervisor reporting to Director Corporate Services.

#### Functions and Responsibilities of the Committee Section:-

No	Function
1	• Council Support
2	• Receiving items from Departments in preparation for Council and Council Committee Meetings
3	• Recording of proceedings of Council and Council Committee Meetings
4	• Management of Agenda of Council and Committees

### 4.15 HOUSEKEEPING AND AUXILLIARY SERVICES

The section comprises the following:-

No	Performance Area
1	Management of Municipal Halls including bookings
2	Cleaning of Offices

#### Other Administrative Issues for attention

- The section has got 9 staff members in Middleburg and 10 in Cradock which brings an improvement from the previous year with 17 staff members including two supervisors
- The policy for halls has been developed and formed part of reviewed policies by 30 June 2025.
- Messenger Services are also done under this section.

The municipality has a total of 9 Halls in both towns :



**Table 25: Community Halls**

Halls	Status Quo
Middelburg Town hall	All the hall facilities are in a fair condition except for Michausdal hall, Lingelihle hall and Town hall (Cradock) that needs renovations.  The Renovations for the Cradock town hall is scheduled for the First quarter of 2025/26.  The Maintenance project of the Lingelihle Hall is also scheduled for the 2025/26 Financial year first quarter.
Lusaka hall	
Kwanonzame hall	
Midros hall	
Cradock Town hall	
Ward 2 lingelihle hall	
Lingelihle hall	
Michausdal hall	
Nomsa Frans hall	

The Total Revenue collected from the bookings of the Halls for the 2024/2025 financial was as follows:

Month	Total Amount
July 2024-September 2024	<b>49 832.44</b>
October 2024- December 2024	<b>38 358.81</b>
January 2025-March 2025	<b>36 693.60</b>
April 2025- June 2025	<b>43 403.54</b>
<b>TOTAL AMOUNT</b>	<b>168 288.39</b>

**Note:** There has been considerable improvement by the Unit resulting in the contribution to in-house revenue collection.

**(a) Challenges**

**No Issues Highlighted**

- 1 Delayed renovations to Facilities were caused by limited Budget
- 2 Staff Shortages , certain posts that are need not yet filled
3. Some of the facilities still not user-friendly for people living with disabilities

**(b) Proposals**

**No Issues Highlighted**

- 1 Fencing of Main Buildings to which the halls are attached
- 2 Appointment of Staff to reduce the shortages for the general maintenance of the lawns and halls surroundings
- 3 Increase in the Budget for rehabilitation and maintenance of Municipal halls

## **4.16 CASCADING OF INDIVIDUAL PERFORMANCE MANAGEMENT TO LOWER LEVELS**

As per the 4<sup>th</sup> Quarter Report the different processes have been embarked upon. These include

- Policy Development
- Policy Adoption
- Consultation session with Council
- Consultation session with Management
- Consultation session with Mayoral Committee
- Consultation with LLF
- Consultation with Staff
- Cogta training on Individual Performance Management

Templates for Performance Agreements were sent to Supervisors to be signed and submitted to HR by the end of June 2025, however not all Performance Agreements were submitted at the deadline date. This delayed the scheduled Informal Reviews for 2025/265 Quarter 1 which was to be conducted as part of Organizational Performance review.

### **Comment:**

- PMS in collaboration with Human Resources will convene the affected staff in order to ensure that the outstanding Performance Agreements are completed as a matter of compliance. That Report will be tabled as part of Reports to Council.

## **4.17 PERFORMANCE REWARDS**

- In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, performance assessments after the municipal council has adopted the annual report of the year under review. No performance bonuses were paid yet as at the end of the 2024/2025 financial year..
- These will also in future include the consideration of payment in respect of the Upper Limits for the duration as per the approved Circular.
- The performance rewards to lower levels has not yet been effected subject to PMS Policy

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### 4.18 SKILLS DEVELOPMENT AND TRAINING

The WSP was developed however funding was a challenge for internally funded trainings. This has been complemented by LGSETA funding on certain trainings. The municipality has since appointed a Panel of Service Providers on accredited unit standards to complement WSP.

Section.11 (3) of the Municipal Structures Act empower Municipal Council to exercise executive and legislative authority to pass and implement by laws and policies. The year in question there were no by-laws that were reviewed.

As legislated, it entails the training interventions that the Municipality needs to undertake for the staff. The Municipality prepares annually the WSP in order to source funding from the SETAs. This is submitted on the 30<sup>th</sup> of April every year as a compliance issue.

The Skills audit informs the various kinds of training needs. Once the WSP is approved the Municipality makes or submits Funding Proposals to the LGSEA and other SETAs. During the 2024/25 financial year, the Municipality was funded by LGSETA and Services SETA.

#### Grants Received in relation to the WSP

Services Seta – R3, 6m

LGSEAT – R2.2m

The WSP is also enforced or implemented through different Municipal Policies which include the following:-

No	Policy Name	Year Approved
1	Bursary/Study Assistance Policy	2024/25
2	Internship and Learnership Policy	2024/25
3	Councillor Capacity Policy	Review in progress

#### WSP 2024/25

##### (a) Background

Section 68(1) of the systems act states that a municipality should develop its human resource capacity to a level that enables it to perform its function and exercise its power in an economical, effective, efficient and accountable way. For this purpose, human resource capacity of a municipality must comply with the skill development act (SDA) 1998 and the skills development levies act 20, 1999.

The skills development act 1998 and municipal systems act, (2000) require employer to supply employees with necessary training in order to develop its human resource capacity. The year under review there were learner ship, skills programmes and other short courses, whilst it was not in full scales due to financial challenges.

Skills programs during the year under review included the capacitation of political leadership; management level; professional; clerical administrative workers and general workers.

### **(b) Capacity Building Programmes**

The Inxuba Yethemba Municipality Study Assistance Programme sharpens skills and increases staff capacity. To date, we have utilized the services of the following institutions

**Below are the capacity building programs that the Municipality embarked on during the 2024/25**

<b>No</b>	<b>Capacity Building Intervention</b>	<b>Period Conducted</b>	<b>Beneficiaries</b>
1.	CPMD	1 Year	3
2.	National Diploma Public Finance Management and Administration	2 Years	24
3.	National Certificate L.E.D.	1 Year	39
4.	Change Management	1 Year	70
5.	Disciplinary Hearing		
6.	Unemployed Youth Learnerships (New Venture Creation, Environmental Practice, IDP, Youth Drivers Licence Program		

### **Workshops Attended for the Year**

- 6 Internally conducted
- 1 Competency based certificated course on Labour Relation
- Ethics

The Inxuba Yethemba Municipality Study Assistance Programme sharpens skills and increases staff capacity. To date, we have utilized the services of the following institutions. A policy is in place. During the 2024/25, the rollout was done to 70 beneficiaries towards different study areas. The Municipality approved the budget for this program as per Council approved Policy. The Policy in force has since bene reviewed by the 31 May 2025. Below are the interventions/courses studied and number of beneficiaries for the inaugural year of the rollout.

## **Councillor Capacity Development**

- 1 Councillor enrolled for CPMD with CPMD over a year's duration.
- The Councillor Capacity Development has since been isolated from the Organisational Administrative Capacity Development. An independent Policy will be tabled in the 2<sup>nd</sup> Qtr. of the 2025/26 Financial period, due to extensive consultations and benchmark which resulted in the delay.
- Councillors also attended the Women Leadership Program which was conducted by SALGA

## **Internships and Learnerships**

Two Interns were the beneficiaries of the Skills Transfer Program. The intention is to expose them to future work opportunities within the Organization. Like the ICT the adverts are done externally based on competency and Transparent recruitment processes.

The following Learnerships were done as part of Youth Development and Unemployment Reduction amongst the Youth on the following:-

- New Venture Creation
- Environmental Practice (Group 1)
- Environmental Practice (Group 2). These talk back to the targets in the approved WSP

## **Annual Training Report**

It has been compiled in line with the Targets that were set in the submitted ATR (Annual Training Plan) with the WSP. Below are the highlights: -

- Contribution to Reduced Unemployment amongst the Youth
- Independence
- Self-Sustainable Youth
- Entrepreneurship

## **ABET Programme**

- This was in the form of the Sowing Program that empowered 1 female official who as part of the Exit strategy enrolled in the program.

## **Internal Talent Management Pool**

- This targets the lower levels between L3 and 8 because they do not go for Job Evaluation processes,
- In order to retain them in line with the HRD Strategy and the Talent Management, they are earmarked for special enhancement programs to ensure eligibility for positions when they are internally advertised. This is in line with the Policy that addresses upward Mobility.

## **Exit Strategy Interventions**

- The Aging workforce is targeted for this program and the intervention covers such areas as Motor Mechanics, Agriculture Skills, Sowing etc.
- These will be competency-based interventions for future independent and employability beyond the retirement.

## HIGHLIGHTS OF THE SECTION FOR THE 2024/25 FINANCIAL PERIOD

More spending was done on the capacitation of General Workers on the Recognition of Prior Learning and Skills Programmes relevant for future employability within Local Government.

### (a) Recognition of Prior Learning

No	Comments
1	70 workers with work experience, however no formal qualifications were awarded bursaries by the Municipality. Categories of the workers subjected to the Recognition of Prior Learning was General Workers from different Departments of the Municipality.
2	Response to the Program was positive and triggered application for other Trainings, hence the 100% success rate. The programme was the first during the Term of the Council.
3	The National Skills Fund also is in the process of incentivizing the Municipalities who are investing more on skilling of workers including the lower level class.
4	Based on the results the Department is in the process of identifying other eligible staff within the same category to ensure increased coverage in upskilling the staff.
5	The Municipality has successfully appointed a Panel of Training Providers for various SETA Funded Programs.

### (b) General Training Programs

No	Comments
1	<ul style="list-style-type: none"><li>Different trainings conducted with some critical programmes in response to gap analysis as per the 2022/23 Skills Audit. These programs include the Municipal Finance and Administration, IDP, Environmental Practice which are all competency related programs.</li></ul>
2	<ul style="list-style-type: none"><li>The Municipality in response to the decision of Council during the Strategic Planning, has also responded through a program for the Unemployed Youth. The aim of the Programme was to make a dent on youth unemployment. Positive spinoffs of the programme include self-employment, entrepreneurs to advance independence to participate in local economic development through the New Venture Creation programme.</li></ul>
3	<ul style="list-style-type: none"><li>The Municipality also has enrolled some Unemployed Graduates in a various Skills Program including Customer Care, Office Administration and Entrepreneurship Skills. This is an internally funded initiative.</li></ul>
4	<ul style="list-style-type: none"><li>The Municipality has also received applications from various Departments of the staff that is due to retire to enrol the on an exit self-sustainability program beyond their pension. These are staff members who are within 3 years of retirement. The program will commence by the end of the second quarter due to budget constraints</li></ul>
5	<ul style="list-style-type: none"><li>These have got positive outcomes to the Municipality when the programs are administered through the WSP to benefit from the Funding but the LGSETA</li></ul>

## CHALLENGES AROUND SKILLS DEVELOPMENT

No	Comments
1	<ul style="list-style-type: none"><li>• Limited number of Higher Institutions of Learning in the local area for the formal capacitation and learning</li></ul>
2	<ul style="list-style-type: none"><li>• Financial Constraints</li></ul>
3	<ul style="list-style-type: none"><li>• Lack of Matric Certificate being a Limitation to those staff who cannot embark on further Training and Qualifications that have Matric as a Prerequisite</li></ul>

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.19 EMPLOYEE EXPENDITURE

Section 66 of the MSA 2000(Act 32 of 2000) states that the accounting officer of a municipality must report to the council on all expenditure incurred by the municipality on staff salaries, wages; allowances and benefits. This is in line with the requirement of the public service regulations, (2000) as well as National treasury budget and reporting regulations. The percentage of employee's expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on employees related cost for two financial years and also the report shows that the municipality is within the norms of 35% to 40%.

Employee Related R 125 532 482

Remuneration of Cllrs R 9 419 082

R 134 951 564

Financial Year	Total Approved Operating Budget	Personnel Expenditure	Percentage of Expenditure
2024-2025	373 321 436	134 951 564	36 %

## COMPONENT I

### Corporate Policy Offices

This in the Municipality relates to Corporate Services or Administration Directorate which is responsible for managing the internal administrative functions and support services that enable the entire municipality to operate and implement the policies set by the municipal council.

Corporate policy offices manage the written rules, standards, and procedures that guide a company's actions, culture, and compliance, covering areas like employee conduct, health & safety, anti-harassment, and operations to ensure consistency, fairness, and legal adherence. These offices, often part of HR or Legal, develop and maintain documents like the employee handbook, ensuring clear expectations for behaviour, performance, and internal processes, which protects the company and supports a healthy work environment.

### Human Resource Services

The Municipal human resource (HR) services manage the entire employee lifecycle, from recruiting and onboarding the right talent to ensuring fair compensation, development, well-being, and retention, all while aligning staff capabilities with the municipality's strategic goals and service delivery mandates, handling everything from personnel records and labor relations to skills development. Key functions include HR planning, recruitment, performance management, training, benefits administration, and fostering a positive work culture to ensure effective local government.

## **Goals of the Municipal Human Resources Management**

The goal of Human Resource Management is to strategically manage the Municipal Human Capital of the entire organization of Inxuba Yethemba Municipality focusing on the following aspects:

- Contributing towards the process of restructuring the Organization in terms of the needs and challenges of Inxuba Yethemba Municipality within its changing Integrated Development Plan
- Recruitment and Selection of staff and retaining the existing staff
- Human Resources Development which impacts on Quality Service Delivery and Integrated Development Planning, and the Development of a Workplace Skills Plan and implementation thereof
- Study Assistance Programs and offering in-service training to aspiring trainees who have completed tertiary levels of education
- Policy Development and Implementation
- Implementation and Monitoring Performance Management systems for improved Service Delivery. In order to meet the statutory requirements of the MFMA in terms of ensuring that all senior management and finance staff are well equipped with finance management skills, the municipality will be sending the finance staff to a finance course.

## **4.20 ICT SERVICES**

The Adoption of the ICT Policies including the ICT Governance Framework has been one of the highlights as it was approved by both the Risk and Audit Committee. The work in progress as at the current stage include the projects which were in the Procurement Plan, however have been delayed.

### **ICT and Business Continuity**

Currently the Municipality is on the UPS that assists the municipality against any outages that might negatively affect business operations. The Municipality in enhancing efficiency, has embarked on the provision of a cloud-based intervention, the finalisation of the procurement processes are underway.

Information Security – To safeguard the dangers in the event that there is a failure in the ICT premises, there is a backup. This preserves critical information

### **Future ICT Projections To Advance Governance Include: -**

- Based on improved Budget Allocation, the Municipality will contact SALGA to assist with the ICT Capability Maturity Assessment.
- Procurement of compatible Working tools to catch up with Business operations, this will mitigate risks of delays in repairs and obsolescence.
- Improvement of Server Infrastructure: The current one runs a risk of interrupted due to the lifespan aspects, The municipality regards this as one of the major risks to mitigate by the 30 Dec 2025.
- An appointed Service Provider dealing with Server Infrastructure will assist the Municipality with the correct infrastructure as per specifications of the Municipality.
- Improvement of Reporting Capabilities of the Organisation
- Improving Project Management capabilities of the Municipality 0- Especially in the Tracking of Service Delivery Progress.



### **ICT and Capacity Building**

2 Interns are currently benefiting from the Skills Transfer program in terms of a 2 Year Internship, these are under the supervision of the ICT Manager. To capitalise on the investment made on the 2 , the Municipality intends to preserve institutional memory and continuity, these will also have an opportunity for competitive employment once positions are advertised.

### **ICT and Risk Management**

#### **ICT Governance**

The ICT Steering Committee is functional having sat quarterly during the financial period. The Committee is chaired by the Municipal Manager as the Accounting Officer. The Composition thereof is made by Directors, Chief Audit Executive, CFO, ICT Manager and the Manager in the Office of the Municipal Manager.

#### **ICT and INTERGRATED AUDIT IMPROVEMENT**

In order to address some of the historical or recurring findings from the Audit, a plan is in the progress of being developed as part of the institutional audit improvement plan. This will be monitored on a monthly basis and will form part of the Steering Committee on ICT, Corporate Services Standing Committee and Council.

#### **ICT and PERFORMANCE MANAGEMENT**

It is envisaged that the collaboration be strengthened between the ICT and the PMS as well as the Independent Provider.

Based on the Audited Annual Performance Report, there is still improvement needed in the ICT Unit as one critical section. The KPIs and Activities of the Department are to some extent handicapped by Budget matters.

### **ICT PROJECT IMPLEMENTATION**

This implementation plan provides a detailed overview of the status of ICT projects, highlighting progress made, outstanding actions, and projected completion dates for presentation to the Risk Management Committee. See next Page

<b>Project Name</b>	<b>Accomplishments So Far</b>	<b>Outstanding Tasks</b>	<b>Expected Completion Date</b>
ICT Disaster Recovery Site (Cloud-Based)	The project has been reviewed and approved by the bid Specification committee.	The SCM team is in the preparation phase, finalizing the document to be advertised in the newspaper.	End of January 2026
ICT Helpdesk Ticket System	The project has been reviewed and approved by the bid Specification committee.	The SCM team is in the preparation phase, finalizing the document to be advertised in the newspaper.	End of January 2026
ICT Anti-Virus	Tender process initiated and advertisement released.	Awaiting bid evaluation, vendor appointment, and implementation commencement.	December 2025
ICT Electricity Vending System	Requirement gathering and technical specifications have been submitted to SCM for processing.	Awaiting the bid specification committee's review of the document and approval.	End of February 2026
Record Office and Storage Revamp	Technical specifications have been submitted to SCM for processing.	Awaiting the bid specification committee's review of the document and approval.	March 2026
Telecommunication Services	The procurement process has been completed, and the new provider has been successfully appointed.	Project kick-off and clear methodology.	End of October 2025
Printing Services	Tender process initiated and advertisement released.	Awaiting bid evaluation, vendor appointment, and implementation commencement.	End Of January 2026
Electronic Document Management System	The project has been reviewed and approved by the bid Specification committee.	The SCM team is in the preparation phase, finalizing the document to be advertised in the newspaper.	End of January 2026
Server Room Revamp	The project will be implemented in-house. The ICT Office is currently preparing the specification of the items required to revamp the room and will collaborate with the Electrical Section throughout the project.	Specifications for item procurement.	End of December 2025

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1 COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE (AUDITED AFS)

#### Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	18	148 919 983	152 670 160
Rental of facilities and equipment	19	4 423 382	1 705 351
Agency services	20	2 954 637	2 908 437
Other income	21	2 312 897	2 426 078
Interest received	22	27 372 459	29 023 586
Fair value adjustments	23	7 733 287	3 982 575
Actuarial gains	24	4 485 172	4 853 419
<b>Total revenue from exchange transactions</b>		<b>198 201 817</b>	<b>197 569 606</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	51 024 279	41 356 512
<b>Transfer revenue</b>			
Government grants & subsidies	26	100 096 039	100 182 420
Fines, Penalties and Forfeits	27	3 234 493	4 125 593
Interest Eskom Debt write off	28	-	43 520 416
Services in-kind	29	-	2 069 340
<b>Total revenue from non-exchange transactions</b>		<b>154 354 811</b>	<b>191 254 281</b>
<b>Total revenue</b>		<b>352 556 628</b>	<b>388 823 887</b>
<b>Expenditure</b>			
Employee related costs	30	(121 060 135)	(120 090 360)
Remuneration of councillors	31	(9 575 029)	(9 419 082)
Depreciation and amortisation	33	(85 634 868)	(51 915 741)
Impairment loss	34	(187 313 340)	(13 041 979)
Finance costs	32	(38 574 051)	(43 685 171)
Lease rentals on operating lease	35	(1 399 503)	(1 398 884)
Bad debts written off	36	(18 992 709)	(36 081 578)
Bulk purchases	37	(129 547 924)	(116 868 088)
Contracted services	38	(58 857 952)	(36 088 913)
Loss on disposal of assets	39	(97 678)	(233 509)
Inventories losses/write-downs	3	-	(1 635 410)
General Expenses	42	(61 187 591)	(59 234 131)
Repairs and maintenance	41	(16 347 020)	(16 405 138)
<b>Total expenditure</b>		<b>(728 587 800)</b>	<b>(506 097 984)</b>
<b>Deficit for the year</b>		<b>(376 031 172)</b>	<b>(117 274 097)</b>

## 5.2 COMPONENT B: STATEMENTS OF FINANCIAL POSITION

### Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	5 990 812	5 275 469
Receivables from exchange transactions	4	2 357 122	1 882 854
Statutory receivables	5	30 890 914	26 885 894
Vat Input Accrual	6	76 063 431	68 277 258
Consumer debtors	7	22 240 818	32 514 075
Cash and cash equivalents	8	2 274 175	5 702 495
		<b>139 817 272</b>	<b>140 538 045</b>
<b>Non-Current Assets</b>			
Investment property	9	68 343 346	60 550 059
Property, plant and equipment	11	913 979 645	1 114 110 631
Heritage assets	10	16 019 999	16 019 999
		<b>998 342 990</b>	<b>1 190 680 689</b>
		<b>1 138 160 262</b>	<b>1 331 218 734</b>
<b>Total Assets</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
VAT Output Accrual	6	12 033 909	7 025 458
VAT payable to SARS	6	955 488	574 551
Payables from exchange transactions	12	856 852 764	678 489 707
Payables from non-exchange transactions	13	3 701 607	5 093 957
Consumer deposits	14	1 313 667	1 312 069
Unspent conditional grants and receipts	15	1 952 650	3 290 481
Provisions	17	19 732 476	-
		<b>896 542 561</b>	<b>695 786 223</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	16	38 256 127	38 791 843
Provisions	17	5 443 373	22 691 293
		<b>43 699 500</b>	<b>61 483 136</b>
		<b>940 242 061</b>	<b>757 269 359</b>
<b>Total Liabilities</b>			
<b>Net Assets</b>			
		<b>197 918 201</b>	<b>573 949 375</b>
Accumulated surplus		197 918 201	573 949 375
<b>Total Net Assets</b>		<b>197 918 201</b>	<b>573 949 375</b>

### 5.3 GRANTS MANAGEMENT

	2025	2024
<b>Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	57 496 000	54 269 000
Finance Management Grant	3 000 000	3 100 000
Expanded Public Works Programme Integrated Grant	1 754 000	2 050 000
Department of Sport, Recreational Arts and Culture: Libraries Grant	2 940 000	2 510 000
Local Government Sector Education and Training Authority	592 207	652 901
Municipal Infrastructure Grant	911 250	1 232 900
	<b>66 693 457</b>	<b>63 814 801</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	17 313 750	23 425 100
Energy Efficiency and Demand-Side Management Grant	-	5 000 000
Integrated National Electrification Programme	6 322 000	-
Municipal Disaster Relief Grant	9 766 832	7 942 519
	<b>33 402 582</b>	<b>36 367 619</b>
	<b>100 096 039</b>	<b>100 182 420</b>

### 5.4 ASSET MANAGEMENT

Below are the three largest assets acquired in the year ended 30 June 2025 and the accounting treatment is per accounting policy below:

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Description	Purchase Date	Additions
Toyota Hilux SC 24 GD S A/C 5MT	2025/05/30	339 960,44
Toyota Hilux SC 24 GD S A/C 5MT	2025/05/30	339 960,44
Toyota Hilux SC 24 GD S A/C 5MT	2025/05/30	339 960,44

## 9. AFS Note on Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	36 611 790	-	36 611 790	36 611 790	-	36 611 790
Buildings	146 478 377	(60 321 417)	86 156 960	146 478 377	(53 063 701)	93 414 676
Plant and machinery	5 791 217	(2 474 143)	3 317 074	5 344 842	(2 189 674)	3 155 168
Furniture and fixtures	5 397 125	(4 413 362)	983 763	5 292 166	(4 510 560)	781 606
Motor vehicles	19 579 541	(13 556 315)	6 023 226	26 109 163	(20 037 903)	6 071 260
Office equipment	2 067 026	(1 127 446)	939 580	1 927 413	(1 029 212)	898 201
IT equipment	10 750 794	(8 051 291)	2 699 503	11 411 951	(7 054 038)	4 357 913
Infrastructure	1 261 470 570	(638 015 956)	623 454 614	1 236 320 479	(414 956 942)	821 363 537
Community	131 825 848	(37 746 079)	94 079 769	131 825 848	(33 199 996)	98 625 852
Landfill sites	26 241 461	(20 176 006)	6 065 455	26 466 246	(19 655 167)	6 811 079
Work in progress	53 647 911	-	53 647 911	42 019 549	-	42 019 549
<b>Total</b>	<b>1 699 861 660</b>	<b>(785 882 015)</b>	<b>913 979 645</b>	<b>1 669 807 824</b>	<b>(555 697 193)</b>	<b>1 114 110 631</b>

### Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Change in estimate	Transfers	Depreciation	Impairment loss	Total
Land	36 611 790	-	-	-	-	-	-	36 611 790
Buildings	93 414 676	-	-	-	-	(5 487 982)	(1 769 734)	86 156 960
Plant and machinery	3 155 168	674 343	(51 943)	-	-	(460 494)	-	3 317 074
Furniture and fixtures	781 606	442 493	(851)	-	-	(239 485)	-	983 763
Motor vehicles	6 071 260	1 359 842	(20 137)	-	-	(1 387 739)	-	6 023 226
Office equipment	898 201	315 232	(2 390)	-	-	(271 463)	-	939 580
IT equipment	4 357 913	403 141	(22 358)	-	-	(2 039 193)	-	2 699 503
Infrastructure	821 363 537	160 080	-	-	24 990 011	(70 681 590)	(152 377 424)	623 454 614
Community	98 625 852	-	-	-	-	(4 546 083)	-	94 079 769
Landfill sites	6 811 079	-	-	(224 785)	-	(520 839)	-	6 065 455
Work in progress	42 019 549	36 618 373	-	-	(24 990 011)	-	-	53 647 911
	<b>1 114 110 631</b>	<b>39 973 504</b>	<b>(97 679)</b>	<b>(224 785)</b>	<b>-</b>	<b>(85 634 868)</b>	<b>(154 147 158)</b>	<b>913 979 645</b>

### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	36 611 790	-	-	-	-	-	36 611 790
Buildings	101 366 021	-	-	-	(5 641 995)	(2 309 350)	93 414 676
Plant and machinery	272 138	3 261 477	(2)	-	(370 995)	(7 450)	3 155 168
Furniture and fixtures	483 060	487 886	(144)	-	(189 196)	-	781 606
Motor vehicles	3 134 881	5 512 834	-	-	(1 653 292)	(923 163)	6 071 260
Office equipment	643 124	465 493	(2)	-	(199 714)	(10 700)	898 201
IT equipment	4 496 378	1 836 556	(82 834)	-	(1 764 586)	(127 601)	4 357 913

Infrastructure	819 818 049	350 810	-	38 339 801	(37 145 123)	-	821 363 537
Community	103 168 824	-	-	-	(4 542 972)	-	98 625 852
Landfill sites	4 325 452	2 893 495	-	-	(407 868)	-	6 811 079
Work in progress	47 073 549	33 285 801	-	(38 339 801)	-	-	42 019 549
	<b>1 121 393 266</b>	<b>48 094 352</b>	<b>(82 982)</b>	<b>-</b>	<b>(51 915 741)</b>	<b>(3 378 264)</b>	<b>1 114 110 631</b>

## 5.5 FINANCIAL RATIOS

Year End: 30 June 2025

### GOING CONCERN: FINANCIAL VIABILITY ASSESSMENT

	<u>2025</u>	<u>2024</u>	<u>Comment / Reason</u>
<b><u>Expenditure Management side</u></b>			
Creditors payment period ( total creditors over purchases (less non cash expenditure) during the period)	571,16	615,61	It is not acceptable days as the legislative requirement is 30 days, although there is a slight improvement in the current year it is still well over 30 days.
	R	R	
Total Creditors	859 575 690,00	683 168 180,00	
	R	R	
Total Expenditure during the period	808 643 324,00	# 505 463 127,00	
	R	R	
Total Depreciation	53 025 262,00	51 280 884,00	
	R	R	
Total Asset Impairment	169 225 169,00	13 041 979,00	
	R	R	
Total Debt impairment	37 080 880,00	36 081 578,00	
<b><u>Revenue Management</u></b>			
Debt Collection period (Total Debtors ( Gross) over Revenue)	355,91	298,42	It is not acceptable days as the days are significantly more than the acceptable norm of 60 days.
	R	R	
Total Revenues	352 556 628,00	388 823 887,00	
	R	R	
Total Gross Debtors	343 776 492,84	317 902 521,99	
	R	R	
<b>Debt Provision as a % of Accounts receivable ( Debtors provision / Gross Debtor balance)</b>	85,56%	82,12%	
Debt Provision	294 152 171,56	261 073 530,14	
	R	R	
Total Gross Debtors	343 776 492,84	317 902 521,99	

**Asset Management**

			Revenue reduced and expenditure increased hence there is an increase in deficit.
Surplus/ Deficit realised during the year	R - 456 086 696,00	R - 116 639 240,00	

**Cash Management position**

			Favourable bank balance including in the prior year.
Total Cash and Cash equivalent in the bank during the year.	R 2 303 891,00	R 5 955 006,00	

**Conclusion:**

Based on work performed, the municipality is unable to pay suppliers within 30 days. However the municipality is able to collect money from its debtors at a lesser period than it pays its suppliers, further the municipality has a favourable bank balance and therefore it will be able to continue operating for the foreseeable future.

## RATIO ANALYSIS

### SOLVENCY RATIO

	<b>1,29: 1</b>	<b>1,91: 1</b>
	1,22	1,91
Total Assets	1 072 703 255,00	1 331 471 245,00
Total liabilities	879 109 378,00	698 080 080,00

### CURRENT RATIO

	<b>0,16:1</b>	<b>0,20:1</b>
	0,16	0,20
Current Assets	143 004 094,00	140 790 556,00
Current liabilities	879 109 378,00	698 080 080,00
	<b>0,16</b>	<b>0,19</b>
Total Current Assets	143 004 094,00	140 790 556,00
Inventories	R 5 990 812,00	R 5 275 469,00
Total Current Liabilities	879 109 378,00	698 080 080,00

**PERFORMANCE RATIOS**

**% of GRANTS REVENUES TO TOTAL REVENUES**

	<b>28%</b>	<b>26%</b>
Government Grants and subsidies revenue	100 096 039,00	100 182 420,00
Total Revenues	R 352 556 628,00	R 388 823 887,00

**% of GRANT INCOME TO NET SURPLUS**

	<b>-455,65%</b>	<b>-116,43%</b>
Transfers and subsidies income recognised	R 100 096 039,00	R 100 182 420,00
NET SURPLUS for the year	R -456 086 696,00	R -116 639 240,00

**% of GRANT FUNDING UNSPENT DURING THE PERIOD**

	<b>1,95%</b>	<b>3,28%</b>
Total Unspent Conditional Grants	R 1 952 650,00	R 3 290 481,00
Total Government Grants and subsidies revenue	R 100 096 039,00	R 100 182 420,00

**% EXPENDITURE TO NET SURPLUS**

	<b>56,40%</b>	<b>23,08%</b>
Total Expenditure for the year	R -808 643 324,00	R -505 463 127,00
Surplus for the year	R -456 086 696,00	R -116 639 240,00



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**CASH FLOW MOVEMENTS**

NET CASH FLOWS FROM OPERATING ACTIVIES	R	45 574 342,00	R	48 855 667,00
NET CASH FLOWS FROM INVESTING ACTIVIES	R	-49 225 457,00	R	-45 207 819,00
NET CASH AND CASH EQUIVALENT AT YEAR END	R	2 303 891,00	R	5 955 006,00



## 5.6 COMPONENT B : SPENDING AGAINST CAPITAL BUDGET

Grant Name	Project Name	National Registration Number	Appointed Consultant	Appointed Contractor	2024/2025 FY Allocation (R)	Expenditure as at 30 June 2025 (R)	Project Status
<b>Municipal Infrastructure Grant (MIG)</b>	Installation of High Mast Lights in Rosmead	L/EC/20050/23/24	Bokamoco Consulting Engineers	Brainwave Projects	R340 000.00	R891 418,02	Complete
	Paving of Ekuphumleni Streets, Middelburg Ward 9	R/EC/20743/24/26	Kukho Consulting Engineers	KET Civils	R2 400 000.00	R1 716 557,49	Construction
	Upgrading of Municipal Farm Commonages (Cradock & Middelburg)	CS/EC/16751/19/21	Kukho Consulting Engineers	AMS Rhudulu Projects	R390 000.00	R386 211,04	Complete
	Paving of Ezintakeni Internal Routes (Nkonjane; Mpangele; Vukuthu; Indwe), Cradock Ward 1	R/EC/20744/24/26	Dikgato Engineering Consultants	Not Appointed	R1 082 550.00	R1 292 552,01	Design and Tender
	Paving of Chris Hani and Ekuthuleni Street, Cradock Ward 2	R/EC/18451/22/24	ZMC Consulting Engineers	Tandedza Construction	R3000 000.00	R2 499 927.50	Practical Completion

	Paving of Michausdal Internal Routes (Steenbok, Takbok and Springbok), Cradock Ward 4	R/EC/20051/23/25	Dikgato Engineering Consultants	Galadane JV Eroline	R5 298 650.00	R7 202 159.51	Construction
	Paving of Raymond Mhlaba Street, Cradock Ward 6	R/EC/20052/23/25	Buchule Consulting Engineers	Lakhiwe Trading	R4 760 000.00	R3 312 374.43	Construction
	PMU Admin				R953 800.00	R953 800.00	N/A
<b>Total (MIG)</b>					<b>R18 225 000.00</b>	<b>R18 225 000.00</b>	
<b>Integrated National Electrification Programme (INEP)</b>	8Km 11kV Egg Rock Line Upgrade	N/A	Cairfro Consulting Engineers	Brainwave Projects	R6 322 000.00	R6 322 000.00	Complete
<b>Municipal Disaster Recovery Grant (MDRG)</b>	Gemsbok Storm Water Control, Ward8	N/A	2MC Consulting Engineers	LGM Consulting (PTY) LTD	R8 429 000.00	R6 476 350.30	Construction
	<b>TOTALS</b>				<b>R32 976 000.00</b>	<b>R31 023 350.30</b>	

## 5.7 SOURCES OF FINANCE

Figures in Rand

2025 2024

### 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 268 (2024: R 268), which is funded from the grant.

### 26. Government grants & subsidies (continued)

#### Energy Efficiency and Demand-Side Management Grant

Current-year receipts	-	5 000 000
Conditions met - transferred to revenue	-	(5 000 000)
	-	-

All conditions attached to this grant have been met. (see note 15).

#### Local Government Sector Education and Training Authority

Current-year receipts	587 669	652 901
Conditions met - transferred to revenue	(587 669)	(652 901)
	-	-

All conditions attached to this grant have been met. (see note 15).

#### Integrated National Electrification Programme

Current-year receipts	6 322 000	-
Conditions met - transferred to revenue	(6 322 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

#### Financial Management Grant

Current-year receipts	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 000)	(3 100 000)
	-	-

All conditions attached to this grant have been met. (see note 15).

#### Municipal Infrastructure Grant (Operational)

Current-year receipts	911 250	1 232 900
Conditions met - transferred to revenue	(911 250)	(1 232 900)
	-	-

All conditions attached to this grant have been met. (see note 15).

All conditions attached to this grant have been met.

Figures in Rand	2025	2024
<b>Municipal Infrastructure Grant (Capital)</b>		
<b>26. Government grants &amp; subsidies (continued)</b>		
Conditions met - transferred to revenue	(17 313 750)	(23 425 100)
	-	-

All conditions attached to this grant have been met.

Figures in Rand	2025	2024
<b>26. Government grants &amp; subsidies (continued)</b>		
<b>Expanded Public Works Programme Integrated Grant</b>		
Current-year receipts	1 754 000	1 778 000
Conditions met - transferred to revenue	(1 754 000)	(1 778 000)
	-	-

All conditions attached to this grant have been met. (see note 15).

**Municipal Disaster Relief Grant**

Balance unspent at beginning of year	3 290 481	-
Current-year receipts	8 429 000	11 233 000
Conditions met - transferred to revenue	(9 766 831)	(7 942 519)
	<b>1 952 650</b>	<b>3 290 481</b>

All conditions attached to this grant have been met.(see note 15).

## 5.8 CAPITAL SPENDING ON 5 LARGE PROJECTS

PROJECT DESCRIPTION	TENDER AMOUNT	ACTUAL CAPITAL EXPENDITURE 2024/25 FY	FUNDING SOURCE
1. <b>Gemsbok Laan Storm Water Control, Middelburg Ward 8</b>	R8 429 000	R6 476 350,30	MUNICIPAL DISASTER RECOVERY GRANT
2. <b>The Egg Rock Feeder 11kv Mv Line</b>	R6 721 688,57	R6 322 000	INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME
3. <b>PAVING OF MICHAUSDAL INTERNAL ROUTES (Steenbok, Takbok And Springbok)</b>	R12 129 418,98	R7 202 159,51	MUNICIPAL INFRASTRUCTURE GRANT
4. <b>Paving Of Raymond Mhlaba Street</b>	R5 918 446	R3 312 374,43	MUNICIPAL INFRASTRUCTURE GRANT
5. <b>Paving Of Chris Hani And Ekuthuleni Streets</b>	R12 445 782,43	R2 499 927,5	MUNICIPAL INFRASTRUCTURE GRANT

## 5.9 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS OVERVIEW

- The above requires that the Municipality develop a Ward Based Plan where backlogs can be established.
- However due to non-availability of financial resources the exercise is still on hold.

## 5.10 COMPONENT C: CASH FLOW STATEMENT

### Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		166 898 708	168 926 596
Grants		98 758 208	103 472 901
Interest income		28 674 129	23 465 477
		<u>294 331 045</u>	<u>295 864 974</u>
<b>Payments</b>			
Employee costs		(129 923 348)	(128 592 897)
Suppliers		(125 975 089)	(115 311 862)
Finance costs		(1 662 639)	(3 207 470)
		<u>(257 561 076)</u>	<u>(247 112 229)</u>
<b>Net cash flows from operating activities</b>	43	<u><b>36 769 969</b></u>	<u><b>48 752 745</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	<u>(40 198 289)</u>	<u>(45 357 408)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(3 428 320)</b></u>	<u><b>3 395 337</b></u>
Cash and cash equivalents at the beginning of the year		5 702 495	2 307 158
<b>Cash and cash equivalents at the end of the year</b>	8	<u><b>2 274 175</b></u>	<u><b>5 702 495</b></u>

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	672 807 465	672 807 465
Adjustments		
Correction of errors (*)	(564 961)	(564 961)
<b>Balance at 01 July 2023</b>	<u><b>672 242 504</b></u>	<u><b>672 242 504</b></u>
Correction of errors - note 57	18 980 968	18 980 968
Net income (losses) recognised directly in net assets	18 980 968	18 980 968
Deficit for the year	(117 274 097)	(117 274 097)
Total recognised income and expenses for the year	<u>(98 293 129)</u>	<u>(98 293 129)</u>
<b>Balance at 01 July 2024 as restated</b>	<u><b>573 949 373</b></u>	<u><b>573 949 373</b></u>
Deficit for the year	(376 031 172)	(376 031 172)
<b>Balance at 30 June 2025</b>	<u><b>197 918 201</b></u>	<u><b>197 918 201</b></u>

## **Borrowings and Investments**

### **Long-term Contracts and Public Private Partnership**

- Inxuba Yethemba Municipality does not have any long term contracts
- Inxuba Yethemba Municipality entered into a Public Private Partnership with Daku Residential Properties Pty (Ltd) for the Management of the Cradock Spa and Middelburg Caravan Park Redevelopment Pan

## 5.11 COMPONENT D: OTHER FINANCIAL MATTERS OF SIGNIFICANCE

### 5.11.1 SUPPLY CHAIN MANAGEMENT

#### 5.11.2 Analysis of UIFWE

The municipality has identified irregular expenditure during the current and prior periods. Investigations into irregular expenditure have been performed for the financial years ending 30 June 2015 and 30 June 2016. As at 30 June 2023. The Council approved and amount of 81M for write off on the UIFWE. No material losses were written off during the year. A register containing the details of irregular expenditure is available for inspection at the municipal offices. Below is the classification and breakdown of the UIFWE, still investigated at the date of the report.

No	Item (2022/23)	Item (2023/24)
1	Unauthorised expenditure (R633 039 020)	Unauthorised expenditure ( R 648 451 266)
2	Unauthorised expenditure: Budget overspending – per municipal department (R104 488 556)	Unauthorised expenditure: Budget overspending – per municipal department (22 987 860)
3	Fruitless and wasteful expenditure (R114 247 002)	Fruitless and wasteful expenditure ( R 114 866 510)
4	Irregular Expenditure (R473 677 595)	Irregular Expenditure (422 033 143)

Note: The Municipality has since developed a UIFWE Reduction strategy, and it was approved by the Council on 22/23 FY. The Municipal Public Accounts will be dealing with the historical information, which at the state presents a limitation of scope, as the supporting documents thereto cannot be traced. Engagements with both the Auditor General and the National Treasury are continuing, with the aim of agreeing and demonstrating the methodology followed in order to accept the write off in terms of the figures that cannot be substantiated.

### 5.11.3 Overview/Independent Analysis of the Financial Results

Operating Results	Going Concern	Statement of Financial Position	Budget Vs Actual Analysis	Implications from Information and Disclosure
Net deficit of the municipality was R 65 501 845 (2023: deficit R 158 819 895).	Accumulated surplus of R 575 391 212 and that the municipality's current liabilities exceed its current assets by R 561 762 944	Increase in Exchange Receivables (48 598 167 from prior year of 13 921 334) This may include uncollected Prior Year end as well as current Year baseline Revenue projections from the Budget side. Non movement of receivables impacts negatively on Cashflow, hence the negative Cashflow (Outflow). Potential of high impairments in the midst of high slow moving debt)	Unforeseen general expenditure had to be incurred amounted 34m	Age Analysis for Receivables from Exchange shows R1,1m still sitting in more than 151 days
Increase in Employee Costs by R8 463 712(125 532 482 from prior year of R117 068770)	Deficit of R 96 851 292 (2023: R 159 657 968).	Increase in Payables from Exchange transactions (R686 119 528 from 565 875 372	The increase in employee costs is a result of general inflationary adjustments and acting allowances. The increase in payables is mainly attributed to the municipality's failure to service the Eskom & AG Debt and as result interest charged increases the payables.	Straining of the municipal resources by spending more than was budgeted.

Increase in Write off of Bad Debts (R36 081 578 from R10 359 287 prior y)	Net outflow of cash reserves in the current financial year		The increase in bad debts written off is a result of unemployment and huge population of indigents	The municipality will not recover the value of goods and services given to these communities and puts strains on the budget.
		Provisions increased (R22 691 292 from 17 768 462 last year)	The provision increase is a systematic annual provision that accumulates to the estimated restoration amount determined at the beginning of the project	Non-monetary provision, but it shows an estimated amount to be spent in restoring the landfill site
Employee benefits		Employee Benefit Obligation as a current liability (R38 791 843 compared to prior year of 39 978 475	The change is a result of changes in estimates and other variables used to determine the closing value.	Non-monetary provision, but it shows an estimated amount to be spent in the future.

#### 5.11.4 Independent Analysis of Expenditure: Challenges and Improvement Plan

Cost of Employees	(125 532 482)	27%	Acting allowances. Suspended personnel still on payroll and personnel working in their stead receiving acting allowances. Inflationary adjustments.	The municipality should immediately appoint employees to avoid double payments for the same position.
Bulk Purchases	(116 868 088)	25%	Electrical usage has increased. Rates per unit has gone up.  Transmission losses  General inflationary adjustments.  Additional housing units added to the grid	Though the increase is putting a strain on the municipal finances, it is due to an increase in the number of households using electricity and general inflation. The municipality should disconnect illegal connections and put in place stringent punitive measures to those found with unapproved connections.
Contracted Services	(35 938 912)	7%	Increase in legal cases. Employees having limited knowledge about the accounting system.  Assistance in financial preparation and asset register preparation	The municipality will have to develop its personnel so that they understand all these disciplines especially in accounting system usage.
Finance Costs	(43 685 171)	9%	The municipality has been struggling financially so it has been difficult to settle debts on time.	The municipality should enhance its revenue collection through use of debt collectors and other revenue creation activities for example revamping, improvement & renovation of Vusubuntu cultural village lodge

Depreciation	(51 220 728)	5%	Depreciable assets constitute a bigger financial value of the municipality hence the depreciation costs follows the asset cost	N/A
Bad Debts Written Off	(36 081 578)	8%	Low income of debt payers. Most people in the municipal area indigents and needs government assistance.	The municipality should find ways of creating employment by working with the national government and any other potential local, national or international investors.
General Expenditure	(52 834 436)	11%	Staff struggles to understand the financial system used to capture financial records. Auditors working for extended time and paid per time worked  In an environment where more people are unemployed the municipality creates more social programs to assist its citizens	The municipality can reduce the training costs by selecting specific people who would go to training. The trained people will in turn train other staff members especially if the training is about system software.
Total of Major Expenditure	(462 161 395)	92%		
Total Operating Expenditure	(504 295 397)	100%		

### 5.11.5 GRAP COMPLIANCE

### 5.11.6 KEY FINANCE MANGEMENT AREARS OF FOCUS

No	Area	Issues Identified	Intervention Plan
1	Revenue	<p>Low Collection triggered by distribution losses and mon collection of the 3 wards under Eskom</p> <p>Main Source is Electricity more than Rates</p> <p>Rates</p> <p>Update of GV – Objections not yet open</p> <p>Problem Debtor relates to those problematic from the 3 different wards which are under Eskom</p>	<p>Eskom to hand over to municipality since they are not able to collect on behalf of the municipality. Eskom to handover major asses</p> <p>Finalise Revenue Enhancement Strategy</p> <p>Software utilization improvement to ensure accessibility to clients beyond working hours</p> <p>New GV implementation by finalising Objections</p> <p>Potential is on the revenue Subdivision of municipal properties</p>
2	Expenditure	<p>Increase in operational costs</p> <p>Increase in Non-Compliant Deviations</p> <p>Non Compliance when using Deviations</p> <p>Increase in Legal Services Security Services</p> <p>These are part of the Analytics Fruitless I relation to Eskom amount on Amnesty</p>	<p>Cost Containment</p> <p>Spending within Procurement Plans</p> <p>Curbing Unauthorised Expenditure by ensuring Departments own their Budgets</p> <p>Budget Steering committee activation</p>
3	Financial Misconduct	<p>Increase in Unauthorised, Irregular, Fruitless &amp; Wasteful Expenditures</p>	<p>Financial misconduct will be investigated. Disciplinary steps will be taken based on the results of these investigations.</p>
4	Budget		<p>Monitoring of the implementation of the budget</p>
5	SCM	<p>Deviations</p> <p>Non Compliance when using Deviations</p> <p>Internal Controls deficiencies</p>	<p>Monitoring of Supply Chain Management internal Controls.</p> <p>Review of SCM Policy</p>
6	Audit	<p>Increase in number of COAFs issued the</p>	<p>Minimise or eliminate audit findings.</p> <p>Monitoring of Audit Action Plan Implementation</p>

## CHAPTER 6: AUDITOR GENERAL FINDINGS

### 6.1 Prior Year: Analysis of 2023/24 Audit Outcomes

- The Municipality obtained an Unqualified opinion with findings during the 2023/24 Financial period, sustaining a three year consecutive history of results.
- The Audit Improvement Plan was developed and status evaluation in 2024 reflected the following status:-.

### 6.2 2023/2024 Audit Action Plan Overall Implementation Status

Findings	Percentage	Quantity
Completed	11.8%	8
Addressed	19.1%	13
In-Progress	69.1%	47
<b>TOTAL</b>	<b>100%</b>	<b>68</b>

### 6.3 Past 4 Years Audit Outcomes Comparative Analysis



	Improvement		Regression		Unchanged
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#### 6.4 Current Year: Analysis of 2024/25 Audit Outcomes

- The Municipality obtained a Qualified opinion with findings during the 2024/25 Financial period, regressing from a previous financial period Unqualified Audit Opinion.
- The Audit Improvement Approach is progressive as it considers the other findings not yet fully cleared from the prior year period. The new Audit findings as at the 2024/25 audit will be incorporated in the Integrated Institutional Audit Improvement Plan.

#### 6.5 Improvement Strategy

- Conduct Root Cause Analysis and Develop Action Plans to the Root Causes.
- The BTO will work closely with the Section to ensure Assurance Mapping in terms of allocating the Specific findings to the Relevant Actions
- Combined Assurance (Management Implementation and Review per Section and Manager)
- Combined Assurance Assurance(Standing Item on Risk Management Committee)
- IA Assurance
- Audit Combined Assurance
- AG Ongoing Monitoring
- COGTA and Treasury Oversight
- Preparation and Monitoring of Quarterly and Half-year Management Accounts
- Periodic Internal Control Reviews
- Document Management and Quality Reviews

#### 6.6 Action Plan (2024/2025 FY) Overall Qualification Areas Status

NATURE	NO. OF FINDINGS
<b>Matters affecting the auditor's report</b>	9
<b>Other Important matters</b>	61
<b>Administrative matters</b>	2
<b>TOTAL</b>	<b>72</b>

**For Detailed Audit Action Plan – ANNEXURE AAP\_2024-25**

