

Hand-Over Report for Council 2021



REPORT TO THE COUNCIL

BACKGROUND

Joint Circular No. 1 of 2021, requires that each municipal manager to prepare a hand over report that can be tabled at the first meeting of the newly elected council. The aim of this hand-over report is to provide the new councils with important orientation information regarding the municipality, the state of its finances, service delivery and capital programme, as well as key issues that need to be addressed.

REPORT OUTLINE

(i) OVERVIEW OF THE DEMOGRAPHICS AND SOCIO ECONOMIC CHARACTERISTICS OF THE MUNICIPALITY

❖ *Demographic Profile*

Mbhashe Municipality (EC 121) is a category B municipality which falls within the Amathole District Municipality (ADM) and consists of 32 wards with 63 Councillors and 12 traditional leaders. The municipality is strategically located in the South Eastern part of the Eastern Cape Province, and is bound by the Qhora River in the south to Mphaku River in the north along the Indian Ocean. Mbhashe occupies a strategic geographic position within the Amathole District municipality and covers approximately 3200 km² in extent (after the last national elections). Mbhashe has earned the name from the beautiful river called Mbhashe which flows from the banks of Ngcobo flowing through Dutywa, Gatyana and Xhora. Mbhashe is comprised of the three towns of Dutywa, Gatyana and Xhora and numerous rural settlements. The area also boasts the head offices of the AmaXhosa Kingdom at Nqadu Great Place. There are three main urban centres, namely Dutywa, Gatyana (formely Willowvale) and Xhorha (formerly Elliotdale) and Dutywa being the administrative head centre of the municipality.

❖ *Socio Economic Profile*

Mbhashe Local Municipality (EC 121) has total population of 277 250 with a household of 58 727 resulting to a household size of 4.7 in 2018 according to IHS Markit Regional eXplorer version 1962. The statistics also reveals that the population is female dominating with a Male to Female ratio of 46:54. An analysis on 2011 Stats SA Census shows that a bulk of 52% of population is children (age 0-19), about 8% falls in pension group (age 65 +), whilst 40% is at economically active ((age 20-64). This clearly indicates that 60% population is dependent on 40% of youth, which highly demands further consideration of

capacity and skill development of the youth population. In Mbhashe Local Municipality's male/female split in population was 86.7 males per 100 females in 2019. According to IHS Markit Regional Explorer v 2070, Mbhashe Local Municipality has significantly more females (53.56%) than males, when compared to a typical stable population. This is most probably an area with high male out migration to look for work elsewhere. In total there were 147 000 (53.56%) females and 128 000 (46.44%) males.

Stats SA Census 2011 reveals that 99.44% (Figure 3: Race distribution) of the population is Black African. 94% of Mbhashe population is IsiXhosa speaking following by other (3.21%), other than English (1.54%) and Africans (0.52%). Another 0.66% is using sign language (dumb). Mbhashe owns one of the highest numbers of illiterate populations in the province of the Easter Cape, 60% of its population is illiterate followed by ordinary schooling (Grade R who attended a formal school; Grade 1-12 learners and learners in special classes) of 37%. Only 0.62% has University degrees. The details are given in the table below, which is further elaborated in the table above in figures. This causes a high pressure to government as well as the population to engage in any formal economic activities.

The level of household income further explains poverty level of Mbhashe. Only 39% of households has monthly income equal to or higher than R 3 000.00, whereas 47% living with equal to or less than R 8 000.00 per month and 14% has no income. It means about 61% households is living within poverty level. An analysis of 2011 Stats SA Census reveals that 69% of population is living in houses owned but not yet fully paid off followed by 11% living in rent free houses. Only 9% is living in owned and fully paid off house and 6% in rented houses.

(ii) APPROVED ANNUAL INSTITUTIONAL CALENDAR OF COUNCIL, COMMITTEES, AND OTHER ORGANS OF THE MUNICIPALITY

The Council has adopted an institutional calendar of events in a council meeting that was convened on the 28 July 2021. In the calendar there are dates for Council meetings sitting on a quarterly basis and special meetings when the need arise, Standing committee meetings to discuss reports on the functional areas of the municipality and they sit on a quarterly basis, meeting of municipal oversight structures (MPAC, Audit Committee etc) are also catered for in the approved calendar, Local Labour forum meetings between employer & employee, and other meetings that assist the municipality to operate effectively are also included. The operational calendar is discussed in the senior management meetings in order to consider changes during each month.

(iii) OVERVIEW OF THE MACRO ORGANISATIONAL STRUCTURE OF THE MUNICIPALITY WITH DEPARTMENTAL CORE FUNCTIONS, WITH NAMES AND NUMBERS OF THE SENIOR MANAGERS

❖ *Organizational Structure*

Mbhashe Local Municipality is divided into two levels namely; Political and Administrative structure. The administration is accountable to Political Structure. The administrative seat of Mbhashe Local Municipality is situated in Dutywa Main Offices. The municipality extends its services by having functional staffed units in Gatyana and Xhora. In these two (2) units the following functions are being implemented:

- ❖ Waste Management
- ❖ Budget & Treasury Office
- ❖ Infrastructure Maintenance
- ❖ Public Participation and
- ❖ Special Programs Unit

Each Unit has a Manager that oversees administrative issues on functions undertaken and they are required to submit quarterly reports to the Municipal Manager and the reports are discussed in the management meetings.

Mbhashe Local Municipality has a signed and approved Organizational Structure by the Council, which reflects **296 staff compliment**. The total staff compliment is currently **295** and **1** vacancy. The Municipal Manager of the institution is employed in terms of section 54A, whilst the senior management is employed in terms of section 56.

The municipality has three levels of management and are as follows;

- ❖ Top Management (constituted by Senior Managers)
- ❖ Middle Management (constituted by Managers reporting to Senior Managers)
- ❖ Operational Management (constituted by Officers, Supervisors & Team leaders)

Administratively the municipality consists of the following six departments, which are , Office of the Municipal Operations, Budget and Treasury Office , Community Services, Infrastructure, Corporate Services and Developmental Planning.

No	Name of the MM & Senior Managers	Department	Contact Numbers
i.	Mr. Mkhululi Nako	Municipal Manager	082 5646 446
ii.	Ms. Ntombizodwa Nkuhlu	Corporate Services	078 3402 793
iii.	Ms. Tembela Bacela	Municipal Operations	060 9614 040
iv.	Mr. Avela Mashaba	Developmental Planning	066 2877 410
v.	Mr. Ntabethemba Nokwe	Budget & Treasury Office	083 7467 076
vi.	Mr. Zukile Msipha	Infrastructure Services	060 9373 605
vii.	Ms. Nonesi Mlungu	Community Services	066 4875 651

As per the approved structure, Mbhashe Local Municipality has six (6) Senior Managers that report directly to the Municipal Manager and all the positions for Senior Managers are filled, and below is the list of departments headed by Senior Managers with functions implemented in each department.

MUNICIPAL OPERATIONS

- ❖ Units Management
- ❖ Special Programmes
- ❖ Communications, Customer Care & Public Participation
- ❖ Strategic Planning and Performance Management
- ❖ Legal and Risk Services
- ❖ Internal Audit

CORPORATE SERVICES

- ❖ Human Resources Management
- ❖ ICT , Records Management & Reception
- ❖ Council Support & Housekeeping

DEVELOPMENTAL PLANNING

- ❖ Local Economic Development
- ❖ Land Use Management
- ❖ Human Settlements
- ❖ Property management
- ❖ Building controls
- ❖ Municipal Facilities
- ❖ Spatial Planning
- ❖ Disaster

INFRASTRUCTURE DEPARTMENT

- ❖ Roads & Stormwater
- ❖ Electricity
- ❖ Civil & Building Works
- ❖ Mechanical works

COMMUNITY SERVICES

- ❖ Waste Management
- ❖ Traffic Management and Law Enforcement
- ❖ Expanded Public Works Programme
- ❖ Community Facilities
- ❖ Free Basic Services
- ❖ Disaster coordination
- ❖ Environmental Management

BUDGET & TREASURY OFFICE

- ❖ Budget Planning
- ❖ Expenditure management
- ❖ Revenue Management
- ❖ Supply Chain Management
- ❖ Financial Reporting
- ❖ Asset and Fleet Management
- ❖ Payroll management

(IV) APPOINTMENT OF MUNICIPAL MANAGER AND MANAGERS DIRECTLY REPORTING TO THE MUNICIPAL MANAGER , AND STATUS OF CONTRACTS OF EMPLOYMENT

Appointments of Municipal Manager and Managers directly accountable to the municipal manager are done as per S54A & S56 of the Local Government Municipal Systems Act of 2000.

The Municipal Manager and senior managers posts have all been filled and the status of their contracts of employment is as follows:

No	Name of the MM & Senior Managers	Department	Starting date of the Contract	Ending date of the Contract
i.	Mr. Mkhululi Nako	Municipal Manager	1 December 2017	30 November 2022
ii.	Ms. Ntombizodwa Nkuhlu	Corporate Services	15 April 2020	14 April 2025
iii.	Ms. Tembela Bacela	Municipal Operations	02 July 2018	03 July 2023

iv.	Mr. Avela Mashaba	Developmental Planning	15 May 2019	15 May 2024
v.	Mr. Ntabethemba Nokwe	Budget & Treasury Office	01 September 2020	31 August 2025
vi.	Mr. Zukile Msipha	Infrastructure	01 May 2019	30 April 2024
vii.	Ms. Nonesi Mlungu	Community Services	18 June 2018	16 June 2023

(V) AN OVERVIEW OF KEY MUNICIPAL POLICIES

As part of compliance, the development or reviewal of policies is coordinated in the office of the Municipal Manager. The following policies have been developed or reviewed in 2021.

The municipality has **89** policies which were last reviewed in May 2021. These policies are spread across all 6 municipal departments as follows:

No	Department	Number of Policies	Summary of policies
i.	Budget & Treasury Office	23 Policies	Infrastructure Procurement and Delivery Management Policy, EFT Policy, Investment Policy, Credit Control and Debt Collection Policy, Borrowing Policy, Funding and Reserves Policy, Long – term Financial Planning Policy, SCM Commodity Based Procurement Policy, SCM Process Turn – Around Policy, Unauthorized Irregular Fruitless And Wasteful Expenditure Policy, Related Party Policy, Property Rates Policy, Policy for the Management of accumulated Surplus and Bad Debts, Petty cash Policy, Payroll Management and Administration Policy, Supply Chain Management Policy, Banking Policy, Creditors, Councillor and Staff Payment Policy, Virement Policy, Tariff Policy, Fleet Management Policy, Asset Management Policy, Write off of Irrecoverable Debts Policy
ii.	Infrastructure	3 Policies	Infrastructure Management Policy, Institutional and Social Development Policy, Infrastructure Project Management Policy

iii.	Developmental Planning	9 Policies	Street and Place Naming Policy, Sale and Disposal of Land Policy, Leasing Policy, Prevention of Land Invasion Policy, Replacement of Beneficiary Policy, Informal Settlement and Upgrading Policy, Mbashe Policy on Incubation, Mbashe SMME Development Policy, Mbashe SMME/COOPS Funding Policy
iv.	Operations	10 Policies	Mbashe Municipality Litigation Management Policy, Protocol for Sourcing Legal Opinion Policy, Risk Management Policy, Youth Development Policy, Communications & Social Media Policy, Customer care Policy, Ward Committee Policy, Anti-Fraud and Corruption Policy, Ward Committee Policy, IGR Policy
v.	Corporate Services	35 Policies	Abscondment Policy, Acting Allowance Policy, Attendance and Punctuality, COVID19 Management, COVID19 Work From Home Agreement, Councillor and Employee Assistance Programme, Employee Induction, Employment Equity, Exit management, Financial Study Assistance, Incapacity , Individual PMS, Job Evaluation, Leave management, Occupational Health and Safety, Overtime, Placement, Recruitment and Selection, Residential allowance, Sexual Harassment, Smoking, Subsistence and Travelling, Training and Development, Transfer and Demotion, Whistle Blowing, Workplace on HIV and AIDS, Records Management Policy, ICT Back-up Recovery Policy, Application Patch Management Policy and Procedure, Telephone Management Policy, ICT Service Risk, Service Request, Incident & Problem

			Management Policy, ICT User access Management Policy, ICT Security and Management Policy, ICT Email Policy, ICT Change Management Policy, ICT Cellular Phone and Data Cards Policy, ICT Acceptance use Policy
vi.	Community Services	9 Policies	Impoundment policy, Waste Management Policy, Mbashe Animal Pound Policy, Mbashe Facilities Policy, Mbashe Early Childhood Development Policy, Mbashe Vehicle Impoundment Policy, Mbashe Extended Public Works Programme Policy, Indigent Policy, Mbashe Burial Policy

All the policies listed above are available at Registry offices and on the municipal website.

(VI) OVERVIEW OF ISSUES THAT NEEDS TO BE ADDRESSED IN RELATION TO THE MUNICIPALITY
MEETINGS ITS TARGETS FOR THE VARIOUS PROGRAMMES

The municipality is implementing various programs as guided by the approved 2021/22 IDP and SDBIP, the main challenges that the municipality is facing is the electricity backlog around Mbashe, construction of halls in each ward even if wards are closer to each other, and the exorbitant amounts of maintaining the community halls. The Council need also to be aware and reconsider the alternative ways of providing sustainable/durable roads versus the current method that is used on gravel roads that are currently constructed for communities.

(VII) OVERVIEW OF THE MUNICIPALITY'S FINANCIAL HEALTH

❖ CASH AND INVESTMENTS

MBHASHE MUNICIPALITY INVESTMENTS AS AT 30 September 2021							
	Bank	Account Type	Vote Number	Acc name	Status	Acc number	Closing Balance as at 30/09/2021
1	FNB	Call Account		Mbhashe Municipality - Elliotdale	Active	62015966099	4 006.92
2	FNB	Call Account		Mbhashe Equity Share Account	Active	62231177769	10 352 294.32
3	FNB	Call Account		Elliotdale Special Housing Developme	Active	62232870487	247 749.97
4	FNB	7 Day Interest Plus		Mbhashe Municipality	Active	74321424942	41 904 520.40
5	FNB	Money Market Account		Mbhashe Municipality - MIG	Active	62231195323	94 844.29
6	FNB	Call Account		EPWP Call Account	Active	62562355373	107 174.83
7	FNB	Call Account		FMG Call Account	Active	62562352410	12 477.85
8	FNB	Call Account		INEP Call Account	Active	62562829188	223 739.90
9	FNB	Call Account		MIG Call Account	Active	62562827364	41 399.35
10	FNB	Call Account		MSIG Call Account	Active	62562354002	99 883.37
11	FNB	Call Account		Depreciation Account	Active	74813155287	15 763 650.52
12	FNB	Call Account		Covid-19 Fund	Active	62857917010	357 590.87
13	ABSA	Call Account		Mbhashe Fixed Deposit Account	Active	2079943211	151 180 602.73
14	Nedbank	Call Account		Fixed Deposit	Active	169370/000001	30 128 441.92
							250 518 377.24

The municipality had a positive bank balance as depicted in the table above. All commitments that have been made are funded.

Improved cash flow management has resulted in the municipality being able to invest all monies not yet needed into short term as well as medium term deposits with three major banks, i.e. FNB, Nedbank and Absa to attract a competitive return.

❖ COMMITMENTS

A total amount of **R32 100 335.60** orders were issued during the quarter for both capital and operational projects. The majority of orders (53%) were executed and paid by the end of the quarter only an amount of **R15 048 231.47** remained outstanding, and **R154 942.50** (0.48%) of issued orders were cancelled.

ANALYSIS OF THE ORDER ISSUED	AMOUNTS	PERCENTAGE
TOTAL ORDERS ISSUED	R32 100 335.60	100%
OUTSTANDING ORDERS	15 048 231.47	47%
PAID ORDERS	16 897 161.63	53%
CANCELLED ORDERS	154 942.50	0.48%

❖ CASH COVERAGE/LIQUIDITY MANAGEMENT

The municipality's cash/cost coverage is 4 months, which is above the norm of 1 to 3 months. The current municipality's liquidity position has further improved when all the allocations of grants receipts during the 1st Quarter. The municipality has cash backed reserves sitting in short term deposits as well as fixed term (6 months) which contributed favorable to the strong cash position. The cash flow management practices within the municipality is starting to yield positive results, even though more still needs to be done. The municipality's current ratio was sitting around **4.5:1** as at end of the 1st quarter and this shows a healthy financial status for the municipality.

❖ STATUS OF BUDGET (Funded or not funded)

The municipality tabled and approved a funded budget and it is in its 1st quarter of implementation. Section 52d report (quarterly report) showed that we are on track in terms of revenue and expenditure projections.

❖ OUTSTANDING CREDITORS & COMMITMENTS

CREDITORS AGE ANALYSIS AS AT 30 SEPTEMBER 2021

Accounts Payable Age Analysis									
Mbhashe Local Municipality									
Exclude Zero Balances								Report Date:	30-Sep-21
Accounts Payable Age Analysis								Page 1 of 1	
Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance	
MAAA1083869 (BITS AND BOOKS)					1 449.90				1 449.90
G4S001 (G4S CASH SOLUTIONS (SA))							72 063.79		72 063.79
MAAA0579178 (LIKAMVA GEOMATICS)							301 202.00		301 202.00
MEDI002 (MEDIA MAESTRO)							2 995.00		2 995.00
SIY001 (SIYATHEMBA SOKUTU ATTORNEYS)							219 408.53		219 408.53
SMIT001 (SMITH TABATA)							104 323.18		104 323.18
MAAA0147476 (SOLAR NERTWORKS)				-0.01					-0.01
SOSO001 (SOSOTOYANA TRADING ENTERPRISE)						2 400.00			2 400.00
ZOLA003 (ZOLANI TOURS)							28 000.00		28 000.00
	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance	
Totals:				-0.01	1 449.90	2 400.00	727 992.50		731 842.39

- The municipality ensured that all the payments that were submitted for payment during the first quarter were all paid by the 30 September 2021.

Therefore only **R731 842.39** was outstanding as at 30 September 2021.

DEBTORS MANAGEMENT

- ❖ Collection rate - The norm is 95% and it seeks to reduce the debtors balance. The municipal performance is at 26%, this collection rate is significantly lower than the norm and this could be attributable to non-payment by the ratepayers for various reasons. The municipality's debt is increasing instead of decreasing and more

strides are being taken in terms of implementing the Credit Control and Debt Collection policy.

- ❖ Net debtor's day – The norm is 30 days. This reflects the collection period. This refers to the average number of days required for the municipality to receive payment from its billed customers/consumers for rates and services. The current performance is 441 days, this clearly shows that the municipality need to strengthen its credit control procedures.

OUTSTANDING CREDITORS & COMMITMENTS

CREDITORS AGE ANALYSIS AS AT 30 SEPTEMBER 2021

Accounts Payable Age Analysis									
Mbhashe Local Municipality									
Exclude Zero Balances									Report Date: 30-Sep-21
Accounts Payable Age Analysis									Page 1 of 1
Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance	
MAAA1083869 (BITS AND BOOKS)					1 449.90			1 449.90	
G4S001 (G4S CASH SOLUTIONS (SA))							72 063.79	72 063.79	
MAAA0579178 (LIKAMVA GEOMATICS)							301 202.00	301 202.00	
MEDI002 (MEDIA MAESTRO)							2 995.00	2 995.00	
SIY001 (SIYATHEMBA SOKUTU ATTORNEYS)							219 408.53	219 408.53	
SMIT001 (SMITH TABATA)							104 323.18	104 323.18	
MAAA0147476 (SOLAR NERTWORKS)				-0.01				-0.01	
SOSO001 (SOSOTOYANA TRADING ENTERPRISE)						2 400.00		2 400.00	
ZOLA003 (ZOLANI TOURS)							28 000.00	28 000.00	
	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance	
Totals:				-0.01	1 449.90	2 400.00	727 992.50	731 842.39	

- The municipality ensured that all the invoices that were submitted for payment during the first quarter were all paid by the 30 September 2021.
- Therefore only **R731 842.39** was outstanding as at 30 September 2021, however there were commitments in the form of orders.

A total amount of **R32 100 335.60** orders were issued during the quarter for both capital and operational projects. The majority of orders (53%) were executed and paid by the end of the quarter only orders amounting to **R15 048 231.47** remained outstanding, and **R154 942.50** (0.48%) of issued orders were cancelled.

ANALYSIS OF THE ORDER ISSUED	AMOUNTS	PERCENTAGE
TOTAL ORDERS ISSUED	R32 100 335.60	100%
OUTSTANDING ORDERS	15 048 231.47	47%
PAID ORDERS	16 897 161.63	53%
CANCELLED ORDERS	154 942.50	0.48%

ASSET MANAGEMENT

- ❖ The Capital expenditure to total expenditure for the quarter was at 20%, which is within the norm of 10% - 20%. This means that the municipality is investing and spending a significant amount towards its capital requirements. A percentage less than 10% signifies inadequate capital investment and it is a recipe for disaster. The municipality is on the right track in terms of its spending priorities.
- ❖ The municipality has a ratio of 4% (R 25m) on repairs & maintenance expenditure over Property, Plant and Equipment balance of R 629m. This signifies a challenge on availability of financial resources to comply with the norm of 8%. This ratio is still below the norm when taking into consideration the total value of PPE, and indicates that the municipality is not spending enough money on Repairs and Maintenance, however, when considering the total current year budget over repairs and maintenance budget is at 8%. This component reported 100% spending in the past financial year.
- ❖ The municipality is sustainable, there are no other factors that we have evidenced which points to existence of a risk that if its occurrence would bring the municipality to unsustainability. On a monthly basis we do prepare realistic cash based Cash flow focus/projections which help us monitor cash flows and implementation of projects. So far also our legal department monitors drafting and implementation of new contracts as far as the risk legality is concern.

Mbhashe municipality had no loans as at 30 September 2021.

(VIII) AUDIT OUTCOMES FOR THE PAST 3 FINANCIAL YEAR & STRATEGIES TO ADDRESS AUDIT ISSUES

❖ *Audit Outcomes*

2019/20	2018/19	2017/18
Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion

❖ *Strategies to address audit issues*

The following issues were raised in the last audit of AG for the 2019/20 financial year:

- (i) Restatement of corresponding figures
- (ii) Impairment loss – Consumer debtors
- (iii) Unaudited disclosure notes
- (iv) Achievement of planned targets
- (v) Adjustment of material misstatement

The municipality has developed an action plan that seeks to address audit issues raised and most of those matters have been addressed in this year of reporting. The action plan is submitted to Internal Audit, the audit committee and to the Council, this is done to ensure that it is monitored by all structures of the Council.

(IX) STATE OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (UIFWE) INCLUDING PROGRESS TO DATE IN TERMS OF PROCESSES IN TERMS OF SECTION 32 OF THE MFMA

The municipality has not incurred any **unauthorized expenditure** in the recent past. This is attributable to accurate projections when budgeting.

Fruitless and wasteful expenditure has decreased drastically due to the interventions made with Eskom as they are the biggest contributor. There are ad-hoc interests charged by SARS in particular but some are under dispute.

Irregular expenditure: there was no new irregular expenditure incurred in the past financial year nor identified by office of the Audit General of South Africa (AGSA). The only irregular expenditure relates to previous financial years procurement. It has been submitted to council for consideration. Council referred it to MPAC for investigation. MPAC recommended to council for write off.

(X) STATE OF CONSEQUENCE MANAGEMENT IN THE MUNICIPALITY AND STATUS REPORT
CONSISTENT WITH THE MUNICIPAL REGULATIONS ON FINANCIAL MISCONDUCT PROCEDURES

The municipality has established a municipal disciplinary board on financial misconduct in terms of municipal Regulation on Financial Misconduct Procedures and Criminal Proceedings of 2014, No 37682, and its establishment was approved by the Council on the 26 June 2019.

The Disciplinary Board is described as an independent advisory board that assists the council to investigate allegations of financial misconduct – as per Section 175 of the Municipal Finance Management Act 56 of 2003 (“the MFMA”).

The Terms of Reference have also been developed and were approved by the council. The following members constitutes the Mbashe Disciplinary board:

No	Name	Position held
i.	Mr. Mbongo Koyana	Chairperson of the DC Board
ii.	Ms. Sisanda Ndzimande (Provincial Treasury official)	Member
iii.	Mr. Sisa Baliso	Secretariat
iv.	Ms. Thabisa Goniwe Mafanya	Legal Manager
v.	Mr. Anele Mtyhida	Internal audit Manager

The board is currently dealing with referrals that were submitted by the SIU.

(XI) OVERVIEW OF THE PROVISION OF BASIC SERVICES & PLANS TO ADDRESS BACKLOGS

Mbashe Local municipality is performing its powers and functions as assigned to it in terms of Sections 156 and 229 of the Constitution and has executive authority in respect of, and has the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5.

❖ *Functions/Basic Services provided by Mbashe LM:*

Beaches and Amusement facilities, Billboards and display of advertisements in public places, Building regulations, Cemeteries, funeral parlours and crematoria, Child care facilities, Cleansing, Control of public nuisance, Control of undertakings that sell liquor to the public, Disaster, Facilities for the accommodation, care and burial of animals, Housing, Local sport facilities, Local Tourism, Municipal parks and recreation, Municipal Planning, Municipal Public Works, Municipal Roads, Pounds, Public places, Storm water, Street lighting , Street trading, Trading regulations, Traffic and parking.

In terms of Service Delivery the municipality has in the 5 years (2016-2021) managed to construct new gravel roads, maintenance of gravel roads, construction of bridges, upgrading of storm water and culverts, paving of roads, provision of grid or alternative energy, street lights upgraded and maintained, construction of sport facilities, community halls maintained, ablution facilities maintained, transfer stations constructed, Early childhood development centres (ECDC) constructed, life rescue services during peak season, informal settlements upgraded, provision of crop production and stock remedy, installation of hawker stalls, support to SMMEs including 30% of budget to be allocated to them, support to tourism events.

❖ *Backlog on Basic Services*

The Backlog on basic services that the municipality is facing is the electricity backlog throughout Mbhashe, also construction of community halls and construction/maintenance of roads.

(XII) REPORT ON THE PROCUREMENT OF GOODS AND SERVICES, CONCESSIONS AND ALIENATION OF IMMOVABLE PROPERTY SINCE 1 JUNE 2021

The municipality took a resolution to dispose residential land parcels in Xhora and are in the process of being advertised to the interested members of the public through the competitive bidding processes. The municipality also took a resolution to dispose business site in Dutywa, Gatyana respectively, to the members of the public. The subject land parcels were valued to determine the market related price for the purpose of disposal. The municipality advertised the leasing of municipal land in Dutywa, Gatyana for the purpose of commercial development, inviting the interested developers to bid to develop the business sites vested into the municipality for lease purposes.

(XIII) LIST OF MAIN INFRASTRUCTURE PROJECTS PLANNED FOR 2021/22 BUDGET & MTREF

The municipality has adopted its 3 year capital project plan and below is the list of capital projects that are being planned to be implemented in the year 2021/2022 as appearing in the approved Integrated Development Plan (IDP)

INFRASTRUCTURE PROJECTS				
No.	Project Name	Ward	Budget	Source
2021/2022 Financial Year				
1.	Gravel Road maintenance	All	R13 888 000.00	Equitable Share

2.	Upgrading of storm water		R 600 000.00	Equitable Share
3.	Surface of Roads maintenance		R 2 000 000.00	Equitable Share
4.	Paving of sidewalks		R 4 200 000.00	Equitable Share
5.	Upgrading of street lights	1,13,25	R 2 000 000.00	Equitable Share
6.	Installation of High masts		R 300 000.00	Equitable Share
7.	Maintenance of street lights	1,13,25	R 2 000 000.00	Equitable Share
8.	Maintenance of Solar Panels		R 500 000.00	Equitable Share
9.	Offices for Infrastructure	1	R 4 000 000.00	Municipal Infrastructure Grant (MIG)
10.	Upgrading of Ngumbela Sport facility Ward 2	2	R 7 000 000.00	Municipal Infrastructure Grant (MIG)
11.	Construction of Dutywa sports field		R 2 000 000.00	Municipal Infrastructure Grant
12.	Construction of Elliotdale sportfields	13	R 9 329 517.62	Municipal Infrastructure Grant
13.	Construction of willowvale sportsfield	25	R 8 355 956.82	Municipal Infrastructure Grant (MIG)
14.	Bam to Zenzele access road	11	R 2 410 031.09	Municipal Infrastructure Grant (MIG)
15.	Fumbatha access road	22	R 2 388 079.40	Municipal Infrastructure Grant (MIG)
16.	Riverview to Langeni Access road	13	R 8 323 001.06	Municipal Infrastructure Grant (MIG)
17.	Phelandaba to Macirheni access road	8	R 6 465 155.72	Municipal Infrastructure Grant (MIG)
18.	Mpume to Gate access road	29	R 2 185 554.77	Municipal Infrastructure Grant (MIG)
19.	Mhlahlane to Macibini access road	19	R 4 177 330.42	Municipal Infrastructure Grant (MIG)
20.	Matolweni access road	30	R 3 904 258.12	Municipal Infrastructure Grant (MIG)
PROJECTS THAT ARE IN THE PLANNING STAGE (5)				
1.	Sport Facilities Ward 1	1		Municipal Infrastructure Grant (MIG)
2.	Cizama to Singeni	5		Municipal Infrastructure Grant (MIG)
3.	Matonga to Mantlaneni	23		Municipal Infrastructure Grant (MIG)

4.	Machani to Taleni SPS Access Road	10		Municipal Infrastructure Grant (MIG)
5.	N2 to Nimrod via Madaka Access Road	6		Municipal Infrastructure Grant (MIG)
PROJECTS FUNDED BY OFFICE OF THE PREMIER IN 2021/22 FINANCIAL YEAR				
1.	Msikithi		R 1 250 000.00	Office of the Premier (OTP)
2.	Siyibane		R 1 250 000.00	Office of the Premier (OTP)
3.	Upgrading of Idutywa towns		R 2 500 000.00	Office of the Premier (OTP)

(XIV) KEY PROCESSES REQUIRING COUNCIL INPUT OVER THE NEXT SIX MONTHS

Section 72 (1) of the Municipal Finance Management Act 56 of 2003, requires the accounting officer by the 25th January of each year to assess the performance of the municipality during the first half of the year taking into account the following:

(i)The monthly statements of the first half of the year; (ii)The municipality's service delivery performance during the first half of the financial year; (iii) The past year's annual report and progress on resolving problems identified in the annual report; and (iv) The performance of every municipal entity under the sole or shared control of the municipality.

Subsequent to the assessment that will be done by the Municipal Manager it is then that a report will be prepared for the council on identified areas that require council input, as to whether there are any revisions, amendments, changes to the IDP or any approval of specific policies is needed.

(XV) LIST OF SUPPORT PROGRAMMES TO THE MUNICIPALITY INITIATED EITHER THROUGH DONORS SUCH AS THE EUROPEAN UNION, SWISS, GERMAN DEVELOPMENT COOPERATION OR NATIONAL (MFIP) AND PROVINCIAL TREASURY DRIVEN INITIATIVES

The municipality does not have any support programs.

(XVI) ANY LITIGATIONS THE MUNICIPALITY MAY BE FACING

The municipality has developed a litigation register which is updated monthly. Reports on litigations are presented on quarterly basis to the Senior management. The litigation register as

at 30 September 2021 reflects 54 contingent liabilities and 6 contingent assets. The causes of actions in the municipality's litigations are emanates from the following :-

- ❖ Unlawful arrest and detention
- ❖ Unlawful impoundment
- ❖ Assault
- ❖ Illegal demolition
- ❖ Breach of contract
- ❖ Damages from motor vehicle accident
- ❖ Damages from potholes
- ❖ Labour matter
- ❖ Contravention of by -laws
- ❖ Fire damages which were part of the litigations were removed as the claimants were told that the fire damages were not within the local municipality's powers and functions.

The municipality's litigations are defended and the services of the panel attorneys are used. Currently the municipality has the following firms of attorneys in their litigation register whose contracts expired on February 2020 but has since been extended until November 2021.

- ❖ Vitshima Attorneys
- ❖ Ximbi Ncolo Attorneys
- ❖ Lutango Sigcawu Attorneys
- ❖ Tonise Attorneys
- ❖ Smith Tabata Attorneys
- ❖ Sokutu Attorneys

The quantum of damages against the municipality as reflected in the litigation register as at 30 September 2021 is **R46 625 329.74** and the quantum claimed by the municipality which reflects as contingent assets in the litigation register is **R4 261 279.50**

RECOMMENDATION

That the report and its content be noted by the Council.