



CENTLEC (SOC) Ltd.

**ANNUAL REPORT**

<b>Registered name of the public entity</b>	CENTLEC (SOC) Ltd
<b>Company registration number</b>	2003/011612/30
<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Electricity distribution
<b>Chief Executive Officer (CEO)</b>	Mr M Sekoboto
<b>Chief Finance Officer (CFO)</b>	Mr SK Zziwa (Acting)
<b>Directors</b>	Mr K Moroka (Chairperson) Ms R Tsiki Ms T Mazibuko (Resigned) Mr T Ngubeni (Resigned) Mr T Manye (Resigned) Ms Y Skwintshi (Resigned)
<b>Registered office</b>	30 Rhodes Avenue Oranjesig Bloemfontein 9301
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**Website address**

[www.centlec.co.za](http://www.centlec.co.za)

**Controlling entity**

Mangaung Metropolitan Municipality

**Bankers**

ABSA

**Auditors**

Auditor-General of South Africa (AGSA)

**Company Secretary**

Mr Thabo Malgas

**Attorneys**

Rampai Attorneys  
Raynard and Associates Inc  
Tshangana Attorneys  
Phatsoane Henney Attorneys  
Malebogo Attorneys  
Bokwa Attorneys  
SMO Soebe Attorneys Inc

## **COMPANY SECRETARY'S CERTIFICATE TO THE SHAREHOLDER OF CENTLEC (SOC) LTD**

In accordance with the provisions of the Companies Act (Act 71 of 2008), the Company Secretary of CENTLEC (SOC) Ltd, hereby certify that:

In respect of the reporting period ended 30 June 2022, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission (CIPC), all returns, and notices prescribed by the Act and that all such returns and notices are true, correct and up to date.



**T Malgas**

**COMPANY SECRETARY CENTLEC (SOC) Ltd**

**Date: 30 November 2022**

## **CHIEF EXECUTIVE OFFICER'S QUALITY CERTIFICATION**

I, M Sekoboto, Chief Executive Officer of CENTLEC (SOC) Ltd, hereby certify that:

The Annual Report for the 2021/2022 financial year has been prepared in accordance with the Municipal Systems Act (Act 32 of 2000) and the Municipal Finance Management Act (Act 56 of 2003) and regulations made under these Acts.



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**M SEKOBOTO**

**CHIEF EXECUTIVE OFFICER**

**Date: 30 November 2022**

## Legislation covering financial and administrative management:

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- 1) The Constitution of the Republic of South Africa 1996 (Act 108 of 1996).
- 2) Basic Conditions of Employment Act (Act 15 of 1997 and regulations thereto).
- 3) Labour Relations Act (Act 66 of 1995).
- 4) South African Bargaining Council Main Collective Agreement 2015/2020.
- 5) Occupational Health and Safety Act (Act 85 of 1993 and regulations thereto).
- 6) Companies Act (Act 71 of 2008, Chapter 8 and regulations thereto).
- 7) Municipal Finance Management Act (Act 56 of 2003 and regulations thereto).
- 8) Municipal Systems Act (Act 32 of 2000 and regulations thereto)
- 9) Value Added Tax Act (Act 84 of 1991).
- 10) Electricity Regulations Act (Act 4 of 2006).
- 11) National Energy Regulator Act (Act 40 of 2004).
- 12) *King III Code of Corporate Governance* (until April 2017).
- 13) *King IV Report on Corporate Governance for South Africa, 2016* (effective from April 2017).
- 14) NRS048 – 2:2003, *second edition, Electricity Supply – Quality of Supply*.
- 15) NRS047 – 1:2005, *third edition, Electricity Supply – Quality of Service*.
- 16) *Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities*, October 2005.
- 17) National Key Point Act (Act 102 of 1980 and regulations thereto).
- 18) Employment Equity Act (Act 55 of 1998 and regulations thereto).
- 19) Municipal Structures Act (Act 117 of 1998 and regulations thereto).
- 20) Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993 and regulations thereto).
- 21) Unemployment Insurance Act, (Act 63 of 2001 and regulations thereto).
- 22) Promotion of Administrative Justice Act, (Act 3 of 2000).
- 23) Skills Development Act, (Act 97 of 1998 and regulations thereto).
- 24) Broad-based Black Economic Empowerment Act, (Act 53 of 2003).
- 25) Cross-boundary Municipalities Laws Repeal and Related Matters Act, (Act 23 of 2005).
- 26) Municipal Fiscal Powers and Functions Act, (Act 12 of 2007).
- 27) Intergovernmental Fiscal Relations Act (Act 97 of 1997).
- 28) Intergovernmental Fiscal Regulations Framework.

Abbreviation/Acronym	Explanation/Description
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
DEA	Department of Environmental Affairs
EDI	Electricity Distribution Industry
EM	Executive Manager
EPMDS	Employee Performance Management and Development System
EME	Emerging Micro Enterprise
EXCO	Executive Committee
EWDs	Employees with Disabilities
GM	General Manager
GRAP	Generally Recognised Accounting Practices
HDI	Historically Disadvantaged Individuals
ICT	Information and Communication Technology
IDP	Integrated Development Plan
INEP	Integrated National Electrification Programme
KPA	Key Performance Area
KPI	Key Performance Indicator
KRA	Key Result Area
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MFP	Municipal Finance Planning
MMM	Mangaung Metropolitan Municipality
MTREF	Medium-Term Revenue and Expenditure Framework
NERSA	National Energy Regulator of South Africa
PMR	Professional Marketing Research
PMS	Performance Management System
POE	Portfolio of Evidence
PwC	PricewaterhouseCoopers
RED	Regional Electricity Distributor
REMCO	Human Resources and Remuneration Committee
SALGA	South African Local Government Association
SAWMU	South African Municipal Workers Union
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan



SHREQ	Safety, Health, Risk, Environment and Quality
SMME	Small, Medium and Micro Enterprise
SOC	State-Owned Company
WSP	Workplace Skills Plan



## Glossary:

<b>Accessibility indicators:</b>	<b>Explore whether the intended beneficiaries are able to access services or outputs.</b>
Accountability documents:	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution (1996). These include plans, budgets, in-year, and Annual Reports.
Activities:	The processes or actions that use a range of inputs to produce the desired outputs and ultimately, outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators:	The quantity of input or output relative to the need or demand.
Annual Report:	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act (MFMA, 2003). Such a report must include annual financial statements as submitted to, and approved by, the Auditor-General.
Approved budget:	The Annual Financial Statements (AFS) of a municipality as audited by the Auditor-General and approved by council or a provincial or national executive.
Baseline:	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service:	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger public health and safety or the environment.
Budget year:	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators:	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators:	The distribution of capacity to deliver services.
Financial statements:	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.

<b>Accessibility indicators:</b>		<b>Explore whether the intended beneficiaries are able to access services or outputs.</b>
General Performance Indicators (KPIs):	Key	After consultation with Member of the Executive Council (MECs) for local government, the Minister may prescribe general KPIs that are appropriate and applicable to local government generally.
Impact:		The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs:		All the resources that contribute to the production and delivery of outputs. Inputs are <i>"what we use to do the work"</i> . They include finances, personnel, equipment, and buildings.
Integrated Development Plan (IDP):	Plan	Sets out municipal goals and development plans.
National Performance Areas (KPAs):	Key Areas	<ul style="list-style-type: none"> <li>• Service delivery and infrastructure.</li> <li>• Economic development.</li> <li>• Municipal transformation and institutional development.</li> <li>• Financial viability and management.</li> <li>• Good governance and community participation.</li> </ul>
Outcomes:		The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are <i>"what we wish to achieve"</i> .
Outputs:		The final products, or goods and services produced for delivery. Outputs may be defined as <i>"what we produce or deliver"</i> . An output is a concrete achievement (i.e., a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a Key Result Area (KRA).
Performance indicator:		Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes, and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
Performance information:		Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with 'performance measure'.
Performance standards:		The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative

<b>Accessibility indicators:</b>	<b>Explore whether the intended beneficiaries are able to access services or outputs.</b>
	requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this Employee Performance Management and Development System (EPMDS), performance standards are divided into indicators and the time factor.
Performance targets:	The level of performance that municipalities and their employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service delivery and budget implementation plan:	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA (2003) defines a "vote" as:</p> <ul style="list-style-type: none"> <li>a) <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></li> <li>b) <i>Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.</i></li> </ul>

## Table of contents

Legislation covering financial and administrative management: .....	5
Glossary:.....	8
<b>CHAPTER 1: FOREWORD AND EXECUTIVE SUMMARY .....</b>	<b>15</b>
1.1 FOREWORD BY THE NATIONAL CABINET REPRESENTATIVE.....	15
1.2 OVERVIEW BY THE CHIEF EXECUTIVE OFFICER .....	16
1.3 Mission.....	19
1.4 Values .....	19
1.5 CENTLEC `s Organisational structure of 30 <sup>th</sup> June 2022 .....	20
1.6 Legal requirements.....	21
1.7 Purpose of an Annual Report.....	21
1.8 Scope of report .....	21
1.9 Functions, population, and service delivery overview .....	21
1.10 Financial health overview .....	24
<b>CHAPTER 2: GOVERNANCE .....</b>	<b>26</b>
2.1. Intergovernmental relations recipients .....	26
2.1.1. <i>Introduction to co-operative governance and intergovernmental relations</i> .....	26
2.2. Public accountability and participation.....	27
2.2.1. <i>Overview</i> .....	27
2.2.2. <i>Public meetings</i> .....	28
2.3. Ethical leadership .....	28
2.4. CENTLEC`s Board of Directors .....	29
2.4.1. <i>Board Members as of 30 June 2022</i> .....	32
2.4.2. <i>Board meetings</i> .....	33
2.4.3 <i>Board meeting attendance</i> .....	33
2.4.4.1 <i>Audit and Risk Committee</i> .....	34
2.4.4.2 <i>Finance Committee</i> .....	35
2.4.4.3. <i>Human Resources and Remuneration Committee</i> .....	35
2.4.4.4. <i>Remuneration Committee Members</i> .....	36
2.4.4.5 <i>Social Responsibility and Ethics Committee</i> .....	36
2.4.4.6. <i>Information Technology Governance Committee</i> .....	37
2.4.4.7. <i>Engineering Committee</i> .....	37
2.4.4.8 <i>Meetings of Audit and Risk Committee</i> .....	38

2.4.4.9	<i>Board decision-making</i> .....	38
2.5.	<b>Administrative Governance</b> .....	39
2.5.1	<i>The Executive Committee</i> .....	39
2.5.2	<i>Remuneration</i> .....	41
2.5.3.	<i>Corporate Governance</i> .....	41
2.5.4.	<i>Corporate citizenship</i> .....	42
2.5.5.	<i>Compliance with laws, rules, codes, and standards</i> .....	42
2.6.	<b>Internal Audit and Risk Management</b> .....	42
2.6.1.	<i>Risk Management</i> .....	43
2.6.2	<i>Internal audit</i> .....	44
2.6.3	<i>Anti-corruption and Fraud Strategy</i> .....	45
2.7	<i>Supply Chain Management</i> .....	45
2.8	<i>The following bids awarded during the year:</i> .....	46
2.9	<i>Policies</i> .....	46
2.10	<i>By-laws</i> .....	47
2.11	<i>Public participation in drafting of by-laws</i> .....	47
2.12	<i>Website</i> .....	48

## **CHAPTER 3: SERVICE DELIVERY PERFORMANCE ..... 50**

3.1.	<b>Objectives and strategies</b> .....	50
3.2.	<b>Pre-determined objectives</b> .....	50
3.2.1.	<i>The annual performance summary of executive managers</i> .....	50
3.2.2	<i>OFFICE OF THE CHIEF EXECUTIVE OFFICER</i> .....	52
3.2.3	<i>HUMAN RESOURCES DIRECTORATE</i> .....	53
3.2.4	<i>FINANCE DIRECTORATE</i> .....	54
3.2.5	<i>ENGINEERING WIRES DIRECTORATE</i> .....	57
3.2.6	<i>ENGINEERING RETAIL DIRECTORATE</i> .....	60
3.2.7	<i>COMPLIANCE &amp; PERFORMANCE DIRECTORATE</i> .....	63

## **CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE ..... 69**

4.1	<b>Introduction</b> .....	69
4.2	<b>Workforce profile (including people with disabilities)</b> .....	69
4.3	<b>Employees with Disabilities only</b> .....	70
4.4	<b>Employee Age Analysis</b> .....	70
4.4.1	<i>Human Resource policies</i> .....	71
4.4.2	<i>Health and Safety and Environmental Issues</i> .....	71
4.4.3	<i>Training Costs</i> .....	72



<b>4.4.4</b>	<b><i>Financial competency development</i></b>	<b>72</b>
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## **CHAPTER 5: FINANCIAL PERFORMANCE ..... 74**

<b>5.1</b>	<b>Revenue</b>	<b>74</b>
<b>5.2</b>	<b>Expenditure</b>	<b>74</b>
<b>5.2.1</b>	<b>Deficit</b>	<b>75</b>
<b>5.3</b>	<b>Financial position</b>	<b>75</b>
<b>5.4</b>	<b>Budget</b>	<b>75</b>

## **CHAPTER 6: AUDITOR-GENERAL'S FINDINGS ON PRIOR YEAR ISSUES..... 76**

<b>6.1</b>	<b>Purpose of the report</b>	<b>76</b>
<b>6.2</b>	<b>Introduction and background</b>	<b>76</b>
<b>6.3</b>	<b><i>Executive summary: Implementation of Audit Action Plan</i></b>	<b>77</b>
<b>6.3.1</b>	<b><i>Improvements to the internal control environment</i></b>	<b>77</b>
<b>6.3.2</b>	<b><i>Progress on matters reported in the audit report</i></b>	<b>78</b>
<b>6.3.2.1</b>	<b><i>Auditor General findings on Non-compliance with legislation</i></b>	<b>78</b>

## **7 APPENDICES ..... 83**

<b>7.1</b>	<b>APPENDIX A: BOARD MEMBERS; COMMITTEE ALLOCATION AND ATTENDANCE</b>	<b>83</b>
<b>7.2</b>	<b>APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES</b>	<b>83</b>
<b>7.3</b>	<b>APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE</b>	<b>83</b>
<b>7.4</b>	<b>APPENDIX D: FUNCTIONS OF ENTITY</b>	<b>83</b>
<b>7.5</b>	<b>APPENDIX E: WARD REPORTING</b>	<b>83</b>
<b>7.6</b>	<b>APPENDIX F: WARD INFORMATION</b>	<b>83</b>
<b>7.7</b>	<b>APPENDIX G: RECOMMENDATIONS OF THE AUDIT COMMITTEE</b>	<b>83</b>
<b>7.8</b>	<b>APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS</b>	<b>83</b>
<b>7.9</b>	<b>APPENDIX I: MUNICIPAL ENTITY PERFORMANCE SCHEDULE</b>	<b>83</b>
<b>7.10</b>	<b>APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS</b>	<b>83</b>
<b>7.11</b>	<b>APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE</b>	<b>83</b>
<b>7.12</b>	<b>APPENDIX L: CONDITIONAL GRANTS RECEIVED</b>	<b>83</b>
<b>7.13</b>	<b>APPENDIX M and N: CAPITAL EXPENDITURE</b>	<b>83</b>
<b>7.14</b>	<b>APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD</b>	<b>83</b>
<b>7.15</b>	<b>APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS</b>	<b>83</b>
<b>7.16</b>	<b>APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION</b>	<b>83</b>
<b>7.17</b>	<b>APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE</b>	<b>83</b>
<b>7.18</b>	<b>APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71</b>	<b>83</b>

<b>7.19 APPENDIX T: ANNUAL FINANCIAL STATEMENTS.....</b>	<b>83</b>
<b>7.20 APPENDIX U: REPORT OF THE AUDITOR-GENERAL ON CENTLEC (SOC) LTD.....</b>	<b>83</b>



## CHAPTER 1: FOREWORD AND EXECUTIVE SUMMARY

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### 1.1 FOREWORD BY THE NATIONAL CABINET REPRESENTATIVE

**Me. G. MALAZA**

**NATIONAL CABINET REPRESENTATIVE**

For the period under review the Board experienced several turbulent challenges that have rendered its existence as dysfunctional.

This has compromised the principals of good corporate governance such as having a macro-organizational structure in place, which provides for separation of duties and responsibilities between the board and administrators.

The parent municipality's National Cabinet representative (NCR) took task of providing oversight over the operations of the Municipal entity following their appointment by the Minister of Finance on 26 April 2022 that placed Mangaung Metropolitan Municipality under a Financial Recovery Plan Intervention. The Municipal entity operated for most of the financial year without a fully constituted and functional board. This followed the resignation of several of the Board members.

As a result of the above the Board could not meet as it's supposed to due to the above-mentioned resignations, and as such only six (6) Board meetings were held for 2021/22 financial year. The Board sittings consisted of one (1) ordinary and Five (5) special meetings. In the premise, as the current National Cabinet Representative, I implore the shareholder (Council) to act swiftly to appoint the new Board so that corporate governance at the entity must not continue to be compromised.



**Me. G. MALAZA**

**NATIONAL CABINET REPRESENTATIVE**

## **1.2 OVERVIEW BY THE CHIEF EXECUTIVE OFFICER**

**MR M SEKOBOTO**

**CHIEF EXECUTIVE OFFICER**



The 2021/22 financial year marked the beginning of the Integrated Development Plan (IDP) for the term of the new council. The IDP sets out the agenda for the five-year term (2022-2027) of the Mangaung Metropolitan Municipality. In alignment with the approved IDP CENTLEC (SOC) Ltd has developed a five-year Business Plan outlining the vision, mission and the entity's strategic objectives. To support the Business, Plan the Entity has compiled the Service Delivery and Budget Implementation Plan (SDBIP) and the entity's budget to support the service delivery targets.

CENTLEC (SOC) Ltd is mandated to improve access to electricity in an effort geared to realise fundamental human dignity and socio-economic upliftment. One of the core values of the entity is to take care of the community and to be customer-centric by building a strong relationship between the entity and stakeholders. The Entity maximized and rolled out more outreach as well as community-based ward programmes. These activities include vigorous awareness campaigns on social media.

The Entity intends to implement the VUCA 2025 turnaround strategy which will aim to ensure that the Entity is sustainable, customer-centric, keeps the light burning, ethical and accountable. This will instill a passion for efficiency, technology, and innovation. The results of this strategy will lead to an increase in service delivery, improve diversity, caring for the community and employee recognition.

The Entity's efforts in realising these concrete results in line with the commitments outlined above were confronted by countless challenges. CENTLEC (SOC) Ltd suffered financial loss due to the ongoing theft of copper cables at electrical distribution centres and substations. The institution encountered numerous incidents of tampering, bypassing of electricity meters

and illegal connections of electricity. The impact of illegal connections led to a decline in revenue, increased power outages and posed a threat to human lives and animals.

In June 2022 the billing estimates report was sitting at R 2 174 847. The estimates have dropped from R13 788 077 due to several efforts that the directorate embarked on. Through revenue enhancement programme activities, the directorate has further embarked on meter readings and replacement of rotational meters with prepaid meters to eliminate the estimates.

The impact of cable theft was also flagged and remains a core area which we must address. These costs lead to high replacement costs of materials due to tempering and theft of electricity infrastructure. CENTLEC (SOC) Ltd was negatively impacted in that there was an average decrease of 3.2% in bulk energy purchases. The overall bulk energy sales analysed depicts the top twenty (20) customer decline with an average of 4.4% as compared to the previous financial year.

The effects of the Covid 19 pandemic continued to be felt by the entity in the financial year 2021/2022. With the “new normal” the entity had to create a better situation and adjust accordingly. Performance on Service Delivery and Budget Implementation Plan (SDBIP) was utilised to evaluate, monitor and report achieved and non-achieved targets. From this, the Entity saw an average increase of 0.91% in overall prepaid sales. This was achieved by revenue enhancement which was enforced by prepaid meter audits and rotational meter conversion to prepaid meters. Further, the entity completed the electrification backlog of two thousand four hundred and seventeen (2 417) household connections emanating from the previous year for the period under review.

The Entity implemented a maintenance project of inspecting an area of 477.92 kilometres of 132kV overhead lines in the Mangaung Metropolitan Municipality (MMM) area of supply. This project was implemented to minimise power outages and to improve the quality of supply to all customers. CENTLEC (SOC) Ltd developed an energy reliable network that complied with NRS standards, with fifteen (15) high masts erected and commissioned. Further to this, 348 DC Transformer Inspections were completed, and 504 Distribution Centre Panels were tested. The Entity has inspected eight-hundred and fifty-seven (857) time of use meters and converted one

thousand and seventeen (1017) rotational meters to prepaid and time of use (TOU) meters. The entity billed 98.66% of its accounts for the FY 2021/2022 and had a collection rate of 100.44% which was higher than the 95% target.

In conclusion, CENTLEC (SOC) Ltd is committed to meet the existing and future energy needs of our customers through the Just Energy Transition Partnership (JETP). To succeed over the long term, the Entity will ensure good governance, operational excellence, and financial sustainability by ensuring access to essential services that are affordable to all. CENTLEC (SOC) Ltd will be responsive to the needs of the community and be progressively orientated to create an environment that uplifts and dignifies lives. I would like to thank the Board of Directors, Executive Management Team, and the personnel of the Entity for their continued support during the challenging financial year.



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**CHIEF EXECUTIVE OFFICER**  
**MR M SEKOBOTO**

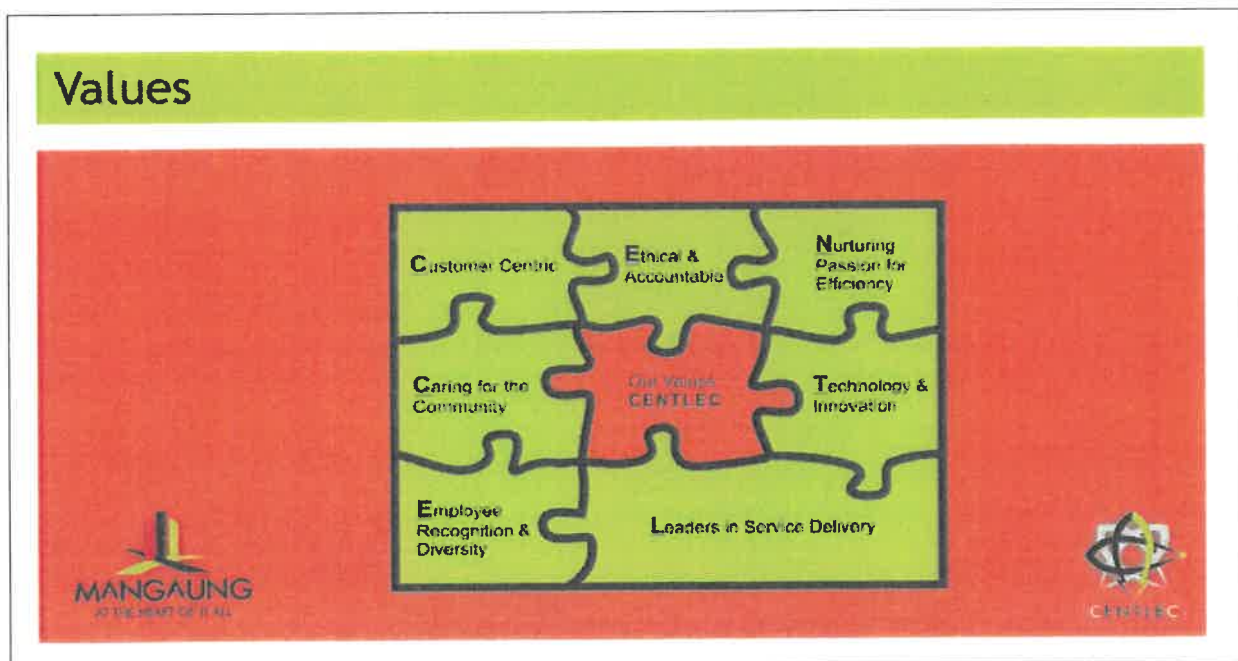
## Vision

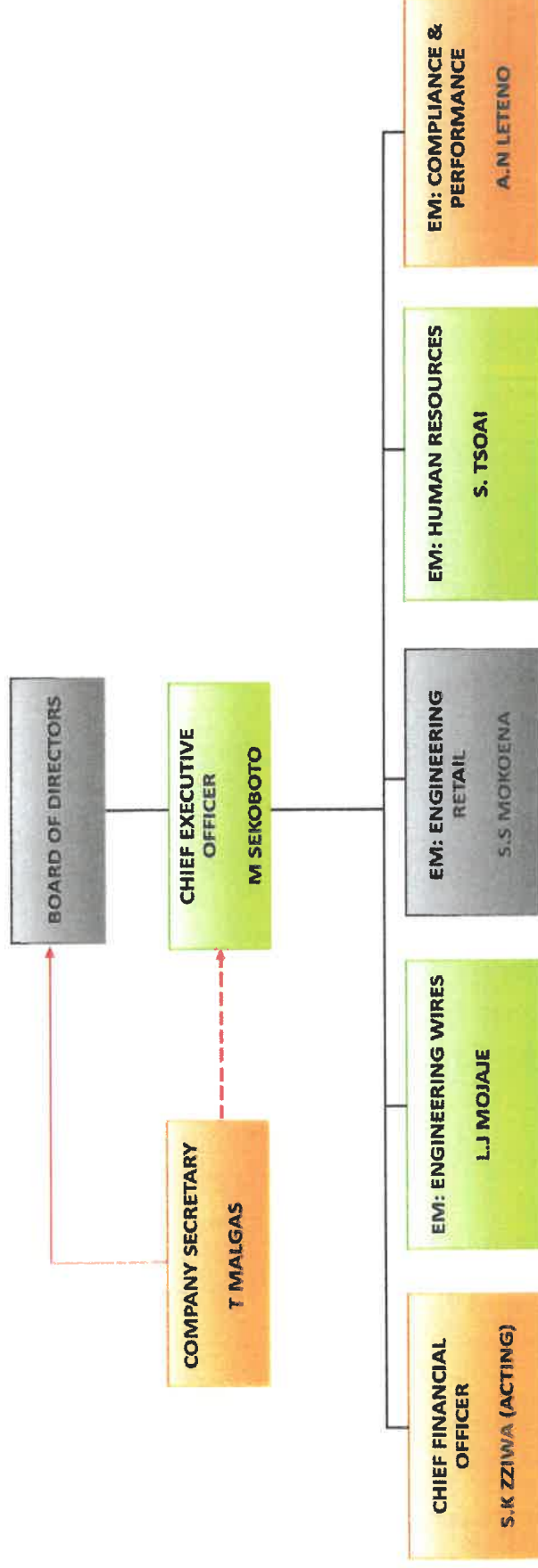
**“To be a reliable energy utility that enables social and economic upliftment”.**

### 1.3 Mission

- To provide optimal service delivery as mandated by the Mangaung Metropolitan Council.
- To strategically manage our operations in an effective, efficient, and financially prudent manner, as measured against relevant indicators.
- To seek the most cost effective and innovative energy solutions in partnership with relevant stakeholders to maximise shareholder value.
- To train, develop, attract, and retain a highly skilled workforce and to promote sound relations with organised labour.
- To ensure a safe and healthy environment for our workforce and the community.
- To be a socially responsible corporate citizen that is concerned with improving the lives of the community and the environment in which we operate.

### 1.4 Values





**Figure 1: Organisational Structure**



## **1.6 Legal requirements**

In terms of Section 121 (1) of the MFMA (2003), every municipality and every municipal entity must prepare an Annual Report for each financial year. The Council of a municipality must, within nine months after the end of a financial year, deal with the Annual Report of the municipality and of any municipal entity under the Municipality's sole or shared control in accordance with Section 129 of the MFMA (2003). In compliance with section 45 (1) (b) of the Municipal System Act the results of performance measurements in terms of section 41(1)(c) must be audited annually by the Auditor-General

## **1.7 Purpose of an Annual Report**

1. To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates.
2. To provide a report on performance against the budget of the municipality or municipal entity for that financial year.
3. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

## **1.8 Scope of report**

This Annual Report covers CENTLEC (SOC) Ltd.'s (the municipal entity) governance, financial, service delivery performance, and environmental, broader economic and overall sustainability performance information for the financial year 2021/22. It provides an account of the entity's progress as at the end of June 2022 and offers a forward-looking perspective in terms of future plans and value-generating strategies.

## **1.9 Functions, population, and service delivery overview**

The municipal entity is mandated to provide electricity services to all its customers. As the electricity distribution service provider of the MMM, the municipal entity's core competency is to purchase, distribute and sell electricity within its geographical footprint.



CENTLEC (SOC) Ltd was established as a municipal entity wholly owned by MMM in terms of the Municipal Systems Act (Act 32 of 2000) and the Companies Act, (Act 71 of 2008).

- **Electricity distribution/energy services:** the municipal entity distributes electricity to Mangaung, Kopanong and Mohokare municipalities. The municipal entity purchases its energy from Eskom at 25 supply points in 18 towns in the Southern Free State and the Mangaung supply area.
- **Construction of electrical networks:** All new electrification networks and upgrading of existing networks are handled by the municipal entity's design and construction sections, and where additional capacity is required, it is done through the supply chain processes and the appointment of private companies.
- **Operation, maintenance, and extension of networks:** The maintenance of electricity distribution networks forms a large part of the municipal entity's operations. A 24-hour standby service ensures that customers are not inconvenienced by long power outages. Ongoing evaluation is performed on existing networks to detect any overloading or failure, and this is addressed with the upgrading and/or extension of the network.
- **Metering, pre-payment vending and Billing services:** Modern metering systems are employed to meter the various categories of customers. Pre-payment and credit metering systems are in use. Extensive pre-payment vending facilities are available to customers to always ensure convenience and availability. Credit meter reading and billing have been done in-house from 01 July 2011 to date.

The municipal entity has approximately 182 970 active customers within Mangaung Metropolitan Municipality, ranging from domestic to commercial and industrial properties, as detailed below. For Southern Free state total number of active customers is 13 803 The number of customers has increased slightly compared to the previous year due to new connections.

**Table 1: Customer tariff group as at the 30<sup>th</sup> of June 2022**

Tariff Group: 2021-2022 baseline	Number of Consumers			TOTAL
	MMM	KOPANONG	MOHOKARE	
INDIGENT	29 928	2 370	668	32 966
INCLINING BLOCK	148 682	6 575	3 653	158 910
FLAT RATE BUSINESS	2 475	275	175	2 925
BULK RESLL 2	32	0	0	32
BULK RESELL 3	193	0	0	193
BULK RESEIDENTIAL 2 SFS	0	0	0	0
BULK RESIDENTIAL 3 SFS	0	2	1	3
CENTLEC (SOC) LTD DEPARTMENTAL TOU	7	0	1	8
SFS DEPARTMENTAL TOU	0	4	0	4
COMFLEX - SINGLE PHASE	57	0	0	57
COMFLEX - THREE PHASE	700	0	0	700
COMFLEX - SFS SINGLE PHASE	0	4	0	4
COMFLEX - SFS THREE PHASE	0	33	5	38
ELECFLEX 1	3	0	0	3
ELECFLEX 2	172	0	0	172
ELECFLEX 2 - SFS	0	4	0	4
ELECFLEX 3	514	0	0	514
ELECFLEX 3 - SFS	0	15	9	24
HOMEFLEX - SINGLE PHASE	33	0	0	33
HOMEFLEX - THREE PHASE	167	0	0	167
HOMEFLEX - SFS SINGLE PHASE	0	2	0	2
HOMEFLEX - SFS THREE PHASE	0	5	0	5
SPORT STADIUMS	7	0	0	7
SPORT STADIUMS SFS	0	2	0	2
<b>TOTAL</b>	<b><u>182 970</u></b>	<b><u>9 291</u></b>	<b><u>4 512</u></b>	<b><u>196 773</u></b>

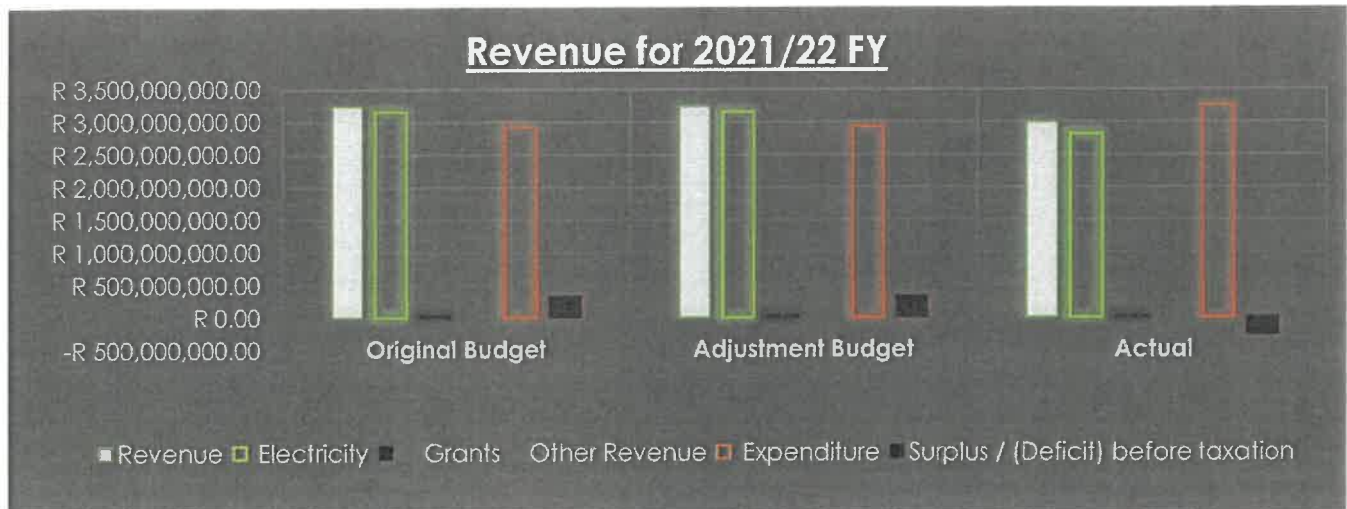
## 1.10 Financial health overview

Although the municipal entity has been able to honour its financial commitments, financial viability remains one of the major challenges faced by municipalities and municipal entities. The main challenges having an impact on the financial viability of the entity are:

- Debt collection.
- Low revenue growth.
- Above-inflation increase in bulk purchases.
- Distribution losses (mainly because of theft).
- Cable theft.
- High unemployment.

**Table 2: Financial health summary as at the 30<sup>th</sup> of June 2022**

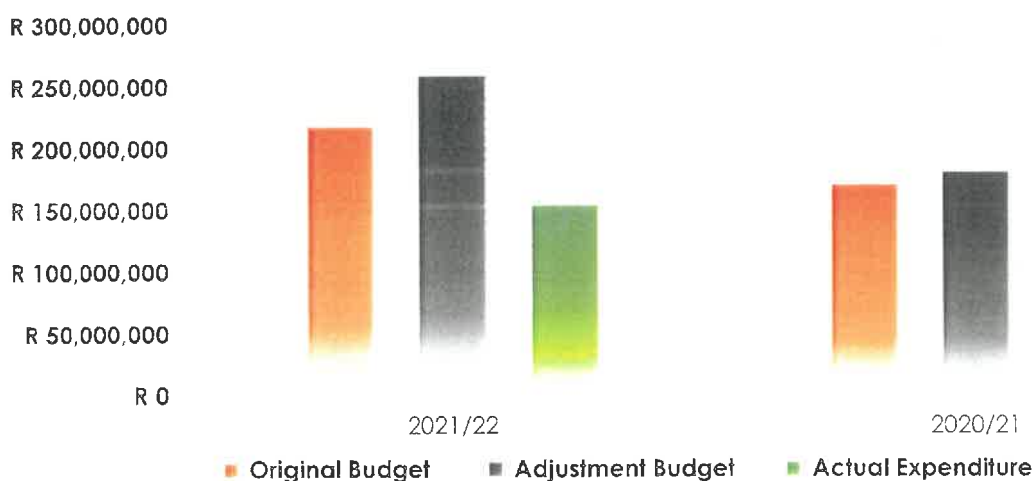
Details	Original Budget		Adjustment Budget		Actual	Variance (Adj. Budget less Actual)	%
	( R )	%	( R )	%	( R )		
	2021/22		2021/22		2021/22		
<b>Revenue</b>	<b>3,244,958,734</b>	<b>100%</b>	<b>3,244,958,734</b>	<b>100%</b>	<b>2,994,453,725</b>	<b>250,505,009</b>	<b>8%</b>
Electricity	3,157,614,418	97.3%	3,157,614,418	97%	2,811,920,976	345,693,442	12%
Grants	28,466,030	0.9%	28,466,030	1%	24,753,070	3,712,960	15%
Other Revenue	58,878,286	2%	58,878,286	2%	157,779,679	98,901,393	-63%
<b>Less:</b>	<b>2,922,768,336</b>	<b>100%</b>	<b>2,922,768,336</b>	<b>100%</b>	<b>3,263,693,809</b>	<b>340,925,473</b>	<b>-10%</b>
Expenditure	2,922,653,294	100%	2,922,653,294	100%	3,255,677,076	- 333,023,782	-10%
(Profit) / Loss on disposal of assets	-	0%	-	0%	9,253,888	- 9,253,888	-100%
Inventories losses / (write-downs)	- 115,042	0%	- 115,042	0%	- 1,237,155	1,122,113	-91%
<b>Surplus / (Deficit) before taxation</b>	<b>322,190,398</b>	<b>11%</b>	<b>322,190,398</b>	<b>11%</b>	<b>269,240,084</b>	<b>591,430,482</b>	<b>-220%</b>



**Figure 2: Financial health summary**

Details	Capital Expenditure	
	2021/22	2020/21
Original Budget	R 217,751,825	R 169,725,001
Adjustment Budget	R 258,451,825	R 179,285,774
Actual Expenditure	R 153,862,117	R 129,106,054

### CAPITAL EXPENDITURE FOR 2021/22 FY



**Figure 3: Capital Expenditure**

## CHAPTER 2: GOVERNANCE

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### 2.1. Intergovernmental relations recipients

#### 2.1.1. *Introduction to co-operative governance and intergovernmental relations*

CENTLEC (SOC) LTD Management recognises that good governance is a critical enabler of effective service delivery. This recognition has translated efforts in doing the right thing in the right way in a timely, participatory, inclusive, open, and accountable manner

In terms of co-operative governance guidance is achieved via structures and forums created and functioning in terms of the Intergovernmental Fiscal Relations Act (Act 97 of 1997) and the Intergovernmental Fiscal Regulations Framework, service delivery in line with national KPAs, which ultimately become municipal KPAs and eventually KPIs.

- National intergovernmental structures:  
The municipal entity participates in national forums and this assists in the appropriate allocation of resources to address service backlogs.
- Provincial intergovernmental structure:  
The municipal entity entered into service delivery agreements with three neighbouring municipalities on electricity distribution and maintenance, which enhance service delivery to communities.
- Relationships with the parent municipality:  
The effective functioning of properly organised arrangement for interactive governance, which promotes consultation-deliberation-design and co-delivery amongst the critical stakeholders in the governance of the municipal entity is the hallmark for co-creating and co-producing outcomes that are of interest to the municipal entity.

Decisions are taken by the Board according to the IDP programmes and interventions from municipalities as well as the allocated budget for executing these decisions. Performance contracts are entered into with all executive managers in line with the SDBIP, which forms part of the municipal SDBIP. Progress and performance of these executive managers are reported on in terms of Section 87 of the MFMA Act No 56 of 2003 on a monthly and quarterly basis.

Policies of the entity relating to budget are aligned with those similar policies of the municipality.

- Intergovernmental structures:

The South African Local Government Association (SALGA) regional office plays a key role in ensuring that regular meetings are held including local and district municipalities, with derived benefits of service delivery co-ordination.

## **2.2. Public accountability and participation**

### **2.2.1. Overview**

In terms of Section 15(1) and (2) (b) of the Municipal System Act no. 32 of (2000), a municipality must create by-laws. These by-laws are in place and are reviewed on a need's basis. Section 16(1) (a) (i) of the Municipal System Act 32 of (2000) requires a municipal entity to develop a system of governance that complements formal representative governance with a system of participatory governance. In view of this, the municipal entity participates in the following activities:

- IDP meetings.
- Performance management monthly reporting.
- Community participation in the budget process.
- Planning tribunal



Provision is made in terms of the budget to execute Section 16(1) (c) of the Municipal System Act (2000). Section 18(1) (d) of the Municipal System Act (2000) requires the municipality to make available to the community information concerning municipal governance, management, and development. The municipal entity complies with this in that there are various public meetings held with the community.

### **2.2.2. Public meetings**

- Communication, participation, and forums:  
This is co-ordinated by MMM in terms of legislative requirements, with MMM also responsible for arrangements in relation to the meetings.
- Ward committees:  
The ward committees are appointed and coordinated through the office of the speaker in which the entity is a participant.
- Effectiveness of public meetings held:  
The entity conducted various meetings with the public through social media and community radio stations.
- IDP participation and alignment:  
The entity participated in various IDP sessions coordinated by the parent municipality in which the community indicated their aspirations.

### **2.3. Ethical leadership**

Responsible leadership, characterised by the values of responsibility, accountability, fairness, and transparency, has been a defining characteristic of the entity since the entity's establishment in 2003. The Management recognises the impact that the municipal entity has on the economy and society and therefore strives to ensure that there is an ethical relationship between the entity and all its stakeholders. The management has taken steps to entrench ethical leadership in the formulation of its strategy and to ensure that there are consequences for non-adherence to these values.




The Management provides effective leadership based on a principled foundation and the municipal entity subscribes to high ethical standards. The management has put in place structures and controls to inculcate an ethical culture.




The fundamental objective has always been to do business ethically while building a sustainable entity that recognises the short- and long-term impact of its activities on the economy, society, and the environment. In its deliberations, decisions and actions, the management is sensitive to the interests and expectations of the municipal entity's stakeholders and to ensure that its decisions are grounded in the municipal entity's values.



## 2.4. CENTLEC's Board of Directors

During the reporting term, the Board of Directors consisted of six (6) non-executive Directors, appointed with effect from 1 November 2020. Four (4) Board members resigned during the year under review.

**Table 3: CENTLEC's Board as at 30<sup>th</sup> June 2022**

Initials and surname	Designation	Race	Gender
 <b>KM Moroka</b>	Chairperson	African	Male

Initials and surname	Designation	Race	Gender
 <p><b>T Mazibuko Resigned</b> <b>(21/05/2022)</b></p>	Non-Executive Director	African	Female
 <p><b>T. Ngubeni Resigned</b> <b>(23/05/2022)</b></p>	Non-Executive Director	African	Male
 <p><b>T. Manye Resigned</b> <b>(19/01/2022)</b></p>	Non-Executive Director	African	Male

Initials and surname	Designation	Race	Gender
 <b>R Tsiki</b>	Non-Executive Director	African	Female
 <b>Y. Skwintshi Resigned</b> <b>(20/05/2022)</b>	Non-Executive Director	African	Female

Non-executive directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairperson and Chief Executive Officer of the company are separated, with responsibilities divided between them. The Chairperson has no executive functions. Members of the Board have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with company rules and procedures, statutory regulations, and best corporate practices.

The Board or any of its members may, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals.

#### **2.4.1. Board Members as of 30 June 2022**

##### **2.4.1.1. Duties of Directors**

In terms of section 93H (1) of the Municipal System Act 32 of (2000) as amended, stipulates that:

The Board of Directors of a municipal entity must:

- Provide effective, transparent, accountable, and coherent corporate governance and conduct effective oversight of the affairs of the municipal entity.
- Ensure that the municipal entity complies with all applicable legislation and agreements.
- Communicate openly and promptly with the parent municipality of the municipal entity.
- Deal with the parent municipality of the municipal entity in good faith.

##### **2.4.1.2. Statement of Compliance**

The Board of Directors and management recognise and are committed to the principles of transparency, integrity and accountability advocated by the *King IV, Report on Corporate Governance for South Africa, 2016* (effective April 2017). Through this process, the shareholder and other stakeholders are assured that the company is being managed ethically according to prudent risk parameters in compliance with generally accepted corporate practices. The monitoring of the company's compliance with King IV forms part of the mandate of the Audit and Risk Committee. The municipal entity has complied with the code in all material respects during the year under review, except for cases as reported in the notes to the financial statements on non-compliance with legislation.

The Board held both ordinary and special meetings during the period under review, in which several decisions were taken as follows.

## 2.4.2. Board meetings

**Table 4: Board meetings as of 30<sup>th</sup> June 2022**

Type of meeting	Date	Venue
Special	27/07/2021	Virtual meeting
Special	01/09/2021	Virtual meeting
Special	12/11/2021	Virtual meeting
Ordinary	26/11/2021	Virtual meeting
Special	30/11/2021	Virtual meeting
Special	12/01/2022	Virtual meeting

## 2.4.3 Board meeting attendance

The Board of Directors consisting of six (6) members were appointed on the 1<sup>st</sup> of November 2020 which will serve for three years.

**Table 5: Board meeting attendance as at 30<sup>th</sup> of June 2022**

Names of Designation Directors		27/07/2021	01/09/2021	12/11/2021	26/11/2021	30/11/2021	12/01/2022	Total
KM Moroka	Chairperson	√	√	√	√	√	√	6/6
TA Mazibuko	Member	√	√	X	√	√	√	4/6
T Ngubeni	Member	X	√	√	√	X	√	4/6
TL Manye	Member	√	√	√	√	X	X	4/6
RL Tsiki	Member	√	√	X	√	√	X	4/6
Y Skhwintshi	Member	√	√	√	√	√	√	6/6

present \* = apology ©. Mr TL Manye resigned on 19/01/2022, Ms Y Skhwintshi resigned on 20/05/2022, Ms TA Mazibuko resigned on 21/05/2022, Mr T Ngubeni resigned on 23/05/2022.



## 2.4.4 Board Committees

The Board had the following committees during the period under review:

- Audit and Risk Committee.
- Finance Committee.
- Human Resources and Remuneration Committee.
- Social Responsibility and Ethics Committee.
- Information Technology Governance Committee.
- Engineering Committee.

### 2.4.4.1 Audit and Risk Committee

The Committee is responsible for reviewing the effectiveness of the financial reporting process, the system of internal control and management of financial risks, the assurance process, and the entity's process for monitoring compliance with laws and regulations and its own code of business conduct.

The term of office of the Audit and Risk Committee ended on the 30<sup>th</sup> of September 2021; however, the council extended their term in office until the appointment of new Committee. Initially, the council appointed four (4) members and one (1) member resigned during the 2020/21.

**Table 6: Audit and Risk Committee as at 30<sup>th</sup> of June 2022**

Member	19/08/2021	31/08/2021	11/11/2021	29/08/2021	SPECIAL 30/08/2021	CONT	SPECIAL 18/01/2022	21/06/2022	Total
NS Ntingane*	√	√	√	√	√		√	√	7/7
MR Tsupa	√	√	√	√	√		√	√	7/7
TM Malakoane	√	x	√	√	x		x	√	5/7

√ = present

x = apology

\*: NS Ntingane interim Chairperson

#### 2.4.4.2 Finance Committee

The role of the Committee is to assist the Board in fulfilling its responsibility of oversight with respect to all governance aspects, financial management and financial accounting, *inter alia* assisting the Board in fulfilling its responsibility to oversee CENTLEC (SOC) Ltd.'s financial position, financing plans and programmes, cash management, investment management, employee retirement plans, insurance management and review of financial and procurement policies.

**Table 7: Finance Committee summary as of the 30<sup>th</sup> of June 2022**

Initials and surname	Designation
T. Mazibuko*	Chairperson
K.M Moroka	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Company Secretary	Invitee

\*Ms TA Mazibuko resigned on 21/05/2022,

#### 2.4.4.3. Human Resources and Remuneration Committee

The role of the Committee is to assist the Board in ensuring that the company remunerates Directors and executives fairly and responsibly and that the disclosure of Directors and remuneration is accurate, complete, and transparent.

**Table 8: Human Resource Committee summary as at the 30<sup>th</sup> of June 2022**

Initials and surname	Designation
T Manye @	Chairperson
R Tsiki	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Company Secretary	Invitee
EM: Human Resources	Invitee

@ - Mr TL Manye resigned on 19/01/2022



#### 2.4.4.4. Remuneration Committee Members

The role of the Committee is to assist the Board in ensuring that the company remunerates Directors and executives fairly and responsibly and that the disclosure of Directors and remuneration is accurate, complete, and transparent.

**Table 9: Remuneration Committee summary as at the 30<sup>th</sup> of June 2022**

Initials and surname	Designation
T Mazibuko #	Chairperson
R Tsiki	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Company Secretary	Invitee

# - Ms TA Mazibuko resigned on 21/05/2022,

#### 2.4.4.5 Social Responsibility and Ethics Committee

The role of the Committee is to assist the Board with the oversight of social and ethical matters and ensuring that members of the Board of Directors and employees of the entity adhere to the established Code of Conduct in terms of Schedule 1 and 2 of Municipal Systems Act (2000), as amended, the Municipal Finance Management Act (2003), any other legislation applicable to the entity as well as good governance principles as outlined in the *King IV Report on Corporate Governance for South Africa, 2016* (effective April 2017).

**Table 10: Social Responsibility and Ethics Committee as at the 30<sup>th</sup> of June 2022**

Initials and surname	Designation
K.M Moroka	Chairperson
T Manye @	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Company Secretary	Invitee

@ - Mr TL Manye resigned on 19/01/2022.

#### 2.4.4.6. Information Technology Governance Committee

The role of the Committee is to oversee the implementation, monitoring and review of the CENTLEC (SOC) Ltd policies, procedures, practices, and guidelines aimed at meeting the Information and Communication Technology (ICT) governance requirements as stipulated in the King IV report.

**Table 11: Information Technology and Ethics Committees as at the 30<sup>th</sup> of June 2022**

Initials and surname	Designation
Y Skwintshi @	Chairperson
T Ngubeni #	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Company Secretary	Invitee
EM: Engineering (Wires)	
EM: Engineering (Retail)	Invitee

@ - Ms Y Skhwintshi resigned on 20/05/2022, # - Mr T Ngubeni resigned on 23/05/2022.

#### 2.4.4.7. Engineering Committee

The Committee's responsibility is to oversee the implementation, monitoring and review of the CENTLEC (SOC) Ltd policies, procedures, practices, and guidelines aimed at meeting the legislative requirements.

**Table 12: Engineering Committees as of the 30<sup>th</sup> of June 2022**

Initials and surname	Designation
T Ngubeni #	Chairperson
T Manye @	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Company Secretary	Invitee
EM: Engineering (Wires)	Invitee
EM: Engineering (Retail)	Invitee

# - Mr T Ngubeni resigned on 23/05/2022. @ - Mr TL Manye resigned on 19/01/2022,

#### 2.4.4.8 Meetings of Audit and Risk Committee

The respective committees held meetings during the period under review, as follows:

**Table 13: Audit and Risk Committee as of the 30<sup>th</sup> of June 2022**

Committee	No. of meetings	Dates of meetings
IT GOVERNANCE	1	20 August 2021
ENGINEERING	1	23 August 2021
HUMAN RESOURCES & REMUNERATION	2	20 August 2021 10 January 2022
SOCIAL RESPONSIBILITY & ETHICS	1	10 September 2021
FINANCE	2	24 August 2021 17 January 2022
AUDIT & RISK	8	19 August 2021 31 August 2021 11 November 2021 29 November 2021 30 November 2021 18 January 2022 24 May 2022 21 June 2022

#### 2.4.4.9 Board decision-making

Section 66(1) of the companies Act of 71 of 2008 provides that the business and affairs of a company must be managed by or under the direction of its board which has the authority exercise all the powers and perform any of the functions of the

company, except to the extent that this Act or Company's Memorandum of Incorporation provides otherwise

Further to the above, clause 5.10 of the Memorandum of Incorporation provides for the holding of meetings in relation of the business of the entity. It is worth noting that the last special Board meeting of the entity was on the 12 January 2022 during the period under review.

## 2.5. Administrative Governance

The functional areas of the municipal entity's administration is divided into the Office of the Chief Executive Officer, Office of the Company Secretary, Human Resources, the Office of the Chief Financial Officer, Engineering: Wires, Engineering: Retail and Compliance and Performance. The entity employed 715 staff members. The entire administration is under the leadership of the Chief Executive Officer who is accountable to the Board of Directors.

### 2.5.1 The Executive Committee

The Chief Executive Officer, together with Executive Management, constitutes the executive committee of the municipal entity. The following individuals were part of the executive committee of the municipal entity for the period under review:

**Table 14: Executive Committee as at the 30<sup>th</sup> of June 2022**

Initials and Designation surname		Race	Gender
M. Sekoboto	Chief Executive Officer	A	Male
T. Malgas	Company Secretary	A	Male
SC Tsoai	EM: Human Resources	A	Female
SK Zziwa (Acting)	Chief Financial Officer	A	Male
LJ Mojaje	EM: Engineering Wires	A	Male
S Mokoena	EM: Engineering Retail	A	Male
N.A. Leteno	EM: Compliance & Performance	A	Female



### 2.5.1.1 Executive Committee Meetings

The Executive Committee held various meetings during the year under review.

**Table 15: Executive Committee Meetings as at the 30<sup>th</sup> of June 2022**

Type of meeting	Date	Of representative(s)
Extended	08 July 2021	AS PER ATTENDANCE
Extended	15 July 2021	AS PER ATTENDANCE
Extended	29 July 2021	AS PER ATTENDANCE
Special continuation	02 August 2021	AS PER ATTENDANCE
Special	04 August 2021	AS PER ATTENDANCE
Special continuation	05 August 2021	AS PER ATTENDANCE
Special	11 September 2021	AS PER ATTENDANCE
Ordinary	12 October 2021	AS PER ATTENDANCE
Ordinary continuation	13 October 2021	AS PER ATTENDANCE
Extended	27 October 2021	AS PER ATTENDANCE
Extended	10 November 2021	AS PER ATTENDANCE
Special extended	11 November	AS PER ATTENDANCE
Special	06 January 2022	AS PER ATTENDANCE
Special	10 January 2022	AS PER ATTENDANCE
Special continuation	13 January 2022	AS PER ATTENDANCE
Extended	14 February 2022	AS PER ATTENDANCE
Extended continuation	24 February 2022	AS PER ATTENDANCE
Extended	15 March 2022	AS PER ATTENDANCE
Extended	30 March 2022	AS PER ATTENDANCE
Extended	03 May 2022	AS PER ATTENDANCE
Special extended	05 May 2022	AS PER ATTENDANCE
Ordinary	18 May 2022	AS PER ATTENDANCE
Extended	19 May 2022	AS PER ATTENDANCE
Special	25 May 2022	AS PER ATTENDANCE
Ordinary	20 June 2022	AS PER ATTENDANCE

### **2.5.2 Remuneration**

Non-executive Directors' and independent Audit and Risk Committee members' fees are only paid in accordance with the council's approved fee structure. The remuneration of Non-Executive Directors amounted to R 0.00, while the remuneration of Executive Management amounted to R 10 745 709 A total of R 120 037 paid to officials as acting allowances. See Notes 26 in the Annual Financial Statements for details.

### **2.5.3. Corporate Governance**

The Board of Directors has adopted a Board Charter, which includes matters of ethics, procedure and conduct of members. The charter is aligned with the MMM Charter. Registers were kept and updated on the disclosure and declaration of interests of Directors and senior management. The Board and senior management ensure that there is full material compliance with all relevant legislation. The municipal entity's secretary has certified that all statutory returns were submitted to the Companies and Intellectual Property Commission (CIPC) in terms of Section 268(d) of the Companies Act (2008).

The Board of Directors subscribes to the MMM corporate governance protocol which, *inter alia*, regulates its relationship with MMM as its sole shareholder and parent municipality in the interests of good corporate governance and sound ethics.

The municipal entity's practices are, in most material instances, in line with the principles set out in *King IV Report on Corporate Governance for South Africa, 2016* (effective April 2017). The Board continually reviews the municipal entity's progress to ensure improvements in corporate governance. During the review period, the municipal entity entrenched its risk management reviews. Reporting and compliance assessments conducted in terms of the Companies Act (2008) and the MFMA (2003).



#### **2.5.4. Corporate citizenship**

The Board and executive management recognise that the municipal entity formed under a political structure. As such, it has a social and moral standing in society, with all the attendant responsibilities. The Board is therefore responsible for ensuring that the municipal entity protects, enhances, and invests in the well-being of the economy, society, and the natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights. The Board has a Social Responsibility and Ethics Committee which tasked with the responsibility of ensuring that the entity strives to be a good corporate citizen.

#### **2.5.5. Compliance with laws, rules, codes, and standards**

The Board and Management are responsible for ensuring that the municipal entity complies with applicable laws and considers adhering to non-binding rules, codes, and standards. The Board has an Audit and Risk Committee which has the responsibility of exercising oversight compliance.

### **2.6. Internal Audit and Risk Management**

As required by the MFMA, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, and the King IV Report on Corporate Governance, Internal Auditors are required to provide the Audit and Risk Committee and Management with quarterly internal audit reports in accordance with the committee's approved annual and three-year rolling Strategic Internal Audit Plan, as well as the King IV Report on Corporate Governance. The internal audit function of CENTLEC is responsible for the following:

- Providing professional, independent, and objective assurance and consulting activity geared to add value and improve the operations of CENTLEC, its primary responsibilities are to:
- Develop and implement a rolling three-year annual audit plan based on the company's key areas of risk, including any risks or control concerns identified by

management, and submit the plan to the Audit and Risk Committee for approval as well as periodic updates.

- Consider the scope of work performed by external auditors and other assurance providers; and
- Review the Risk Management process of the entity.

### **2.6.1. Risk Management**

CENTLEC is committed to ethical business practices. Corporate governance requires a robust risk management process embedded in the organization. The Entity required to conduct risk assessments to identify new and emerging risks, as outlined in our Risk Framework and Risk Policy.

Risk assessments conducted on a quarterly basis, allowing us to identify risks and develop effective controls to reduce them to an acceptable level. Each risk categorized as high, medium, or low, allowing us to focus more resources and efforts on high-risk situations that jeopardize the organization's strategic goals.

Risk registers created from the risk assessment, which outlines the risks as well as the controls in place to mitigate them. Risk owners assigned to ensure that each division is responsible for managing risks within their division, thereby embracing the risk management culture throughout the organization. To ensure effective risk management, the risk registers include timelines.

The Risk Management unit ensures that the risk owners adhere to the agreed-upon controls within the timeframes established at the outset. Risk reports presented quarterly to the Audit and Risk Committee, which monitors the effectiveness of the risk management function.

The Risk Management Unit continuously assess on quarterly basis and report to Executive Management and Audit and Risk Committee on the following:

- Strategic Risk Assessment
- Information communication Technology risk related
- Fraud Risk Assessment

## 2.6.2 Internal audit

As required by the MFMA, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, and the King IV Report on Corporate Governance, Internal Auditors are required to provide the Audit and Risk Committee and Management with quarterly internal audit reports in accordance with the committee's approved annual and three-year rolling Internal Audit Plan, which is updated on an annual and three-year rolling basis.

Internal Audit function satisfactorily meets the International Standards for Professional Practice of Internal Auditors, governed by the Institute of Internal Auditors (IIA), having gone through the five (5) year external quality review assessment in the 2021/22 period.

The CENTLEC internal audit unit was co-sourced and has the following objectives:

- Provide professional, independent, and objective assurance and consulting activity that adds value and improves the operations of CENTLEC.

CENTLEC's Internal Audit is responsible for the following activities:

- developing and implementing a rolling three-year annual audit plan based on CENTLEC's key areas of risk, including any risks or control concerns identified by management; submitting the plan to the Audit and Risk Committee for review and approval, as well as providing periodic updates; evaluating the scope of work of external auditors and other assurance professionals.

The Audit and Risk Committee adopted the three-year strategic Internal Audit Plan, and the following internal audit activities were carried out during the fiscal year in question:

- Review of the Draft Annual Financial Statements 2020-21
- Financial year end stock takes 2020-21
- Audit of Pre-Determined Objectives Q4 2020-21
- Audit of Pre-Determined Objectives Q1 – Q3 2021-2022

- Review of Risk Management process and maturity level 2021-22
- Follow Up on External Audit Management Action Plan 2020-21
- Follow Up: Analytical for overtime worked: Q1 & Q3
- Occupational Health and Safety
- Compliance Review of Budget Process and Mid-term Report Review
- Asset Management – movable assets
- Corporate Governance
- Meter Inventory

The following internal audit activities were still in the reporting stage at year end:

- Supply Chain Management
- Financial year end stock takes 2021-22
- Employee Overtime

Due the impact of the pandemic in 2020-21, the Internal Audit Unit had to deferred nine (9) of its audits from the plan and had to incorporate this risk identified to other audits that are related.

### **2.6.3 Anti-corruption and Fraud Strategy**

Our approved Fraud and Anti-Corruption Policy and Whistle-blowing protection Policy which encourages officials to make confidential disclosures about suspected fraud and corruption within the organisation. The Policy also describes the procedure that should followed in the event reported of fraud or corruption. CENTLEC has a Fraud Hotline administered by an internal team within the Compliance and Performance Directorates, which is available 24/7. The Entity follow-up on reports received and conduct an investigation if necessary.

## **2.7 Supply Chain Management**

All the bid committees as per the Supply Chain Management Policy and National Treasury Guideline have established by the Chief Executive Officer and convened

regularly to perform their functions. This addresses the MFMA (2003) requirement in Section 112.

Consistent with the Supply Chain Management Policy of the entity, none of the Directors or officers entered any commercial transaction with the entity during the period under review.

Supply Chain and Expenditure Management reports submitted to the Audit and Risk Committee. The following committees administer procurement within the entity:

- Bid Specification Committee.
- Bid Evaluation Committee.
- Bid Adjudication Committee.

## 2.8 The following bids awarded during the year:

**Table 16: Awarded bids as at the 30th of June 2022**

Total number of Bids Awarded	BP (Black People)	BY (Black Youth)	BW (Black Women)	BWD (Black with Disability)	BPMV (Military Veterans)	BPLRA (Black People in Rural Areas)	BPLT (Black People in Urban Areas - Township)
19	63%	18%	19%	0%	0%	0%	0%

## 2.9 Policies

Various budget-related policies were submitted to the council for approval. The table below outlines the approved policies for 2021/22:

**Table 17: Approved Policies as at the 30th of June 2022**

No.	Approved policies	Date of Council approval
1	Tariffs Policy 2021/22	31 <sup>st</sup> of May 2021
2	Petty Cash Policy 2021/22	31 <sup>st</sup> of May 2021
3	Electricity Consumption Estimation Policy 2021/22	31 <sup>st</sup> of May 2021



No.	Approved policies	Date of Council approval
4	Long-Term Debtors Policy 2021/22	31 <sup>st</sup> of May 2021
5	Customer Care Policy 2021/22	31 <sup>st</sup> of May 2021
6	Connection Disconnection Policy 2021/22	31 <sup>st</sup> of May 2021
7	Credit Control and Debt Collection Policy 2021/22	31 <sup>st</sup> of May 2021
8	Budget Reporting Policy 2021/22	31 <sup>st</sup> of May 2021
9	Banking Investment Policy 2021/22	31 <sup>st</sup> of May 2021
10	Bad Debts Policy 2021/22	31 <sup>st</sup> of May 2021
11	Asset Management Policy 2021/22	31 <sup>st</sup> of May 2021
12	Virement Policy 2021/22	31 <sup>st</sup> of May 2021
13	Value Added Tax (VAT) Policy 2021/22	31 <sup>st</sup> of May 2021
14	Unauthorised, Irregular and Fruitless and Wasteful Expenditure Policy 2021/22	31 <sup>st</sup> of May 2021
15	Supply Chain Management Policy 2021/22	31 <sup>st</sup> of May 2021
16	Sundry Income Policy 2021/22	31 <sup>st</sup> of May 2021
17	Subsistence and Travel Policy 2021/22	31 <sup>st</sup> of May 2021
18	Revenue Policy 2021/22	31 <sup>st</sup> of May 2021
19	Pre-Paid Electricity Vending Policy 2021/22	31 <sup>st</sup> of May 2021
20	Service connection policy 2021/22	31 <sup>st</sup> of May 2021
21	Credit control policy 2021/22	31 <sup>st</sup> of May 2021
22	Borrowing policy 2021/22	31 <sup>st</sup> of May 2021

## 2.10 By-laws

There is an electricity by-law which published in the Government Gazette on 28 August 1998, under notice 116.

## 2.11 Public participation in drafting of by-laws

The entity participates in public hearings in terms of amendments of by-laws. Electricity by-laws revised on an annual basis and await supporting legislation in terms of small-scale solar generation.



## 2.12 Website

Visit us at our new web address [www.centlec.co.za](http://www.centlec.co.za).

The entity developed its own website. It is worth noting that, this initiative intended to save costs. The website is fully functional and effective. The website is divided into the following main tabs: These main tabs are designed to provide detailed information to our appreciated customers.

- Home
- CENTLEC (SOC) Ltd (About us)
- Media
- Bids
- Services
- Tariffs
- Loadshedding
- More
- Contact Us

The entity's website has been functional and accessible during the period under review.

**Table 18: Documents published on website as at the 30th of June 2022**

Documents to published on the entity's website	Published/not published
The previous Annual Reports 2019/20 and 2020/21)	Published
<b>Service Delivery Budget Implementation Plan (SBDIP)</b>	Published
• 2019/20, 2020/21 and 2021/22	
Performance agreements for 2019/20, 2020/21 and 2021/22	Published
<b>Business plan</b>	Published
• Multi-year Business Plan 2021- 2023	
<b>Budgets</b>	Published

Documents to published on the entity's website	Published/not published
<ul style="list-style-type: none"> <li>• Medium-Term Revenue and Expenditure Framework (MTREF) 2021 to 2022/24</li> <li>• Budget approval 2019/20- 2023 by Council</li> </ul>	
<b>Tariffs</b> <ul style="list-style-type: none"> <li>• Service charges 2020/21</li> <li>• Service charges 2021/22</li> <li>• Electricity tariffs 2020/21</li> <li>• Electricity tariffs 2021/22</li> </ul>	<b>Published</b>
<b>Policies</b> <ul style="list-style-type: none"> <li>• VAT Policy</li> <li>• SCM Policy</li> <li>• Asset Management Policy</li> <li>• Budget and Reporting Policy</li> <li>• Virement Policy</li> <li>• Credit Control and Debt Collection Policy</li> <li>• Banking and Investment Policy</li> <li>• Bad Debts Policy</li> <li>• Tariffs Policy</li> <li>• Irregular, Fruitless and Wasteful Expenditure Policy</li> <li>• Electricity Connection and Disconnection Policy</li> <li>• Electricity Consumption Estimates Policy</li> <li>• Revenue Policy</li> <li>• Customer Care Policy</li> <li>• Long-term Debtors Policy</li> <li>• Sundry Income Policy</li> <li>• Prepaid Electricity Vending Policy</li> <li>• Petty Cash Policy</li> <li>• Subsistence &amp; Travel Policy</li> </ul>	<b>Published</b>

## **CHAPTER 3: SERVICE DELIVERY PERFORMANCE**

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The parent municipality must ensure that the annual performance objectives and indicators for the municipal entity is established in agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with Section 87(5) (d) of the MFMA (2003).

### **3.1. Objectives and strategies**

In line with Section 87(5) (d) of the MFMA (2003), the municipal entity developed a multi-year business plan which reflected the objectives for the financial year 2021/22. Therefore, the developmental strategies as espoused in the entity's Business Plan are directly linked to specific developmental needs and objectives which must be measured in the Organizational Performance Management System (PMS) and give effect to the targets/goals of the SDBIP.

### **3.2. Pre-determined objectives**

Details of pre-determined objectives are provided in Section 3.2.2 of this report.

#### **3.2.1. The annual performance summary of executive managers**

CENTLEC (SOC) Ltd understands that performance information is the key to effective management, including planning, budgeting, implementation, monitoring and reporting. Performance information also facilitates effective accountability, enabling members of the public and other interested parties to track progress, to identify the areas that require improvement and better understand the issues involved. The entity has achieved annual performance of 82% for the period under review. Going forward CENTLEC (SOC) Ltd will strive to achieve a rate of 100% of all KPIs set.

The following table presents the key performance of the relevant executives.

**Table 19: Annual performance as at the 30th of June 2022**

Directorate	Total no. of KPIs	KPIs achieved for the year	KPIs not achieved for the year	KPIs not applicable for the year	Remedial action
Office of the Chief Executive Officer	2	2	0	0	Not required
Human Resources	3	3	0	0	Not required
Chief Financial Officer	3	3	0	0	Not required
Engineering Wires	6	3	2	1*	Monthly performance will be monitored to ensure that the targets are achieved. Remedial action will be developed and monitored by Executive Manager.
Engineering Retail	4	4	0	0	Not required
Compliance & Performance	4	4	0	0	Not required
The total no. of KPIs	22	19	2	1	

\*Waiting for Mangaung Human settlement to confirm the approval of Klipfontein SG diagram and lifting of the court order for Matlharantlheng Phase 4.



### 3.2.2 OFFICE OF THE CHIEF EXECUTIVE OFFICER

Section 93J of the Municipal Systems Act 32 (2000): appointment of the Chief Executive Officer.

The Chief Executive Officer of a municipal entity is accountable to the Board of Directors for the management of the municipal entity.

Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output for 2021/22	Variation	Reason(s) for Variation	Remedial action
<b>STRATEGIC SDBIP</b>									
1.1 (a)	Annual risk assessment conducted during the 2021/22 financial year	Annual Risk assessment FY 2020/21	Conduct annual risk assessment workshop completed by 30 June 2022	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	For the year under review, the Annual Risk Assessment Workshops for the financial year ending in 2022/23 were performed.	None	Not applicable	Not required
1.1 (b)	Ensure the performance assessment of Executives should be assessed as per performance agreements of FY 2021/22	2020/21 performance assessment	Ensure the performance assessment of Executives should be assessed as per performance agreements of FY 2021/22	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	Performance of assessments for Executives for the 2021/22 FY were conducted as per set target for the year under review, except for the CEO & Company Secretary.	None	Not applicable	Not required

The Human Resources Directorate is headed by the Executive Manager: Human Resources and is responsible for, *inter alia*:

- a) The development of a performance-based culture, custodian of the Organisational structure; playing a supportive role to the CEO and other executives.
- b) Strengthening business structure and applying a range of business goals and overseeing the application of the best practice standards in human resources management, centralized supports.
- c) Effective knowledge/information management and business process systems management.

Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output for 2021/22	Variation	Reason(s) for Variation	Remedial action
<b>STRATEGIC SDBIP</b>									
3-1.1(a)	Conduct workshop per directorate on collective agreements, condition of service and employee benefits by 30 June 2022	Workshops were conducted for all directorates on collective agreements, condition of service and employee benefits during 2020/21 FY	a) Conduct one (1) workshop on agreements, conditions of service and employee benefits as per schedule authorized by Executive manager: by 30 June 2022	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	Workshops on agreements, conditions of service and employee benefits were conducted to all directorates as per schedule authorized by Executive manager Human Resource Management.	None	Not applicable	Not required
			b) Conduct one (1) workshop per quarter on collective and disciplinary procedures as per	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	Conducted workshops on collective and disciplinary procedures as per schedule authorized by Executive	Target is achieved. No variation.	Not applicable	Not required



Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output for 2021/22	Variation	Reason(s) for Variation	Remedial action
<b>STRATEGIC SDBIP</b>									
03-1.1(b)	Submission of 22/23 Workplace Skills Plan (WSP) to LGSETA and the Annual Training Report for FY 21/22 by 30 April 2022	Annual training Report FY 2020/21	Submission of 2022/23 Workplace Skills Plan (WSP) to LGSETA and the Annual Training Report for FY 2021/22 by 30 April 2022	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	The 2022/23 Workplace Skills Plan (WSP) and Annual Training Report for FY 2021/22 were submitted to LGSETA on the 29 <sup>th</sup> of April 2022.	Target is achieved.  No variation.	Not applicable	Not required

### 3.2.4 FINANCE DIRECTORATE

*Section 81 of Municipal Finance Management Act (2003) stipulates the role of the chief financial officer of a municipality:*

- (a) Is administratively in charge of the budget and treasury office.
- (b) Must advise the accounting officer on the exercise of powers and duties assigned to the accounting officer in terms of this Act.
- (c) Must assist the accounting officer in the administration of the municipality's bank accounts and, in the preparation, and implementation of the municipality's budget.

- (d) Must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of Section 79.
- (e) Must perform such budgeting, accounting, analysis, financial reporting, cash management, debt management, supply chain management, financial management, review, and other duties as may in terms of section 79 be delegated by the accounting officer to the chief financial officer.

STRATEGIC SDBIP									
Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output for 2021/22	Variation	Reason(s) for Variation	Remedial action
4-4.1	95% revenue collection rate as per Circular 71 to be maintained monthly.	95% of revenue collection rate on outstanding debt as per general ledgers	Monthly revenue collection rate of 95% on all outstanding Debt	R 1 844 315	R 51 640	Collection rate for the year is 100.44% which is 5.44% higher than the annual target of 95% as per MFMA Circular 71 ratio calculation	Target is overly achieved  There is a variance of 5.44% which is higher than the annual target of 95%	None – within the norm as per Annexure 2 – Template for calculation of Uniform Financial Ratios and Norms (Circular 71)	Not required
4-4.2	98% actual readings in the amount billed per month throughout the 2021/22 year	2020/21 accounts billing reports	98% actual readings in the amount billed per month throughout 2021/22 FY year	R 1 456 298	R459 339	The number of accounts billed for the year is 98.66%	Target is achieved  There is a variance of 0.66% which is higher than the annual target of 98%	The variance of 0.66% over achievement is due to intensified meter reading conducted.	Not required
4-4.3	Two (2) Bi-annual assets verifications.	2020/21 Asset Registers	Two (2) Bi-annual assets verifications The 1 <sup>st</sup> asset count to be started at the end of December 2021	R14 137 633	R 3 922 265	1. The 1 <sup>st</sup> assets count was initiated in December 2021 and 100% of the assets were counted. The fixed	Target is achieved  No variation.	Not applicable	Not required

Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output 2021/22	Variation	Reason(s) for Variation	Remedial action
<b>STRATEGIC SDBIP</b>									
			and completed by the end of February 2022						
			The 2nd asset count to be started in June 2022 and completed by the end of July 2022			asset register (FAR) was updated with all asset movements and damages and/or missing items reported.			
			Asset registers updated with all asset movements relating to these counts, and report any damaged/missing items by 31 August 2022			2. The 2nd count has commenced and is currently at 75.5% progress as of 30 June 2022.			
			Accurately account for all the entity's moveable and additions to infrastructure assets in the final 2021/22 Asset Register						

### **3.2.5 ENGINEERING WIRES DIRECTORATE**

Engineering Wires is a sub-directorate of CENTLEC (SOC) Ltd that comprises the asset creation, operations, and maintenance of the electricity distribution systems. The Engineering Wires Directorate carries this mandate through four divisions, namely Planning, Network Operations and Maintenance, System Utilisation and Process Engineering, and Southern Free State (Kopanong and Mokare) municipalities, Thaba Nchu and Botshabelo.

The Planning Division always ensures that other important municipal planning outcomes (e.g., Spatial Development Framework, Sector Plans, Integrated Development Plans, etc.) and national planning (Integrated Resource Plans, National Development Plans, etc.) are part of the Electrical Master Plans (EMPs) for each town under review.

The Network Operation and Maintenance, Southern Free State, and other municipalities as well as Thaba Nchu and Botshabelo Divisions deliver an economic and efficient maintenance service to provide the best possible quality of supply to CENTLEC (SOC) Ltd customers and to complete all construction projects.

The System Utilisation and Process Engineering is concerned with the control and energy management to maximize the served energy and minimize the down time, planning and coordinating the distribution of electricity to meet the energy demand and render a 24-hour service for customer complaints as well as the restoration of all power failures. It is also to ensure that the power system performance is assessed regularly and analysed to maximize reliability and availability as well as to design and upgrade all protective and telemetry systems. It is further concerned with the maintenance of all substations and the associated equipment such as power transformers, circuit breakers, and bus bars, substation buildings, miniature substation housings and yards.

Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output for 2021/22	Variation	Reason(s) for Variation	Remedial action
5-2.1(a)	Erection of 15 high mast lights within Mangaung by 30 June 2022	2020/21 performance	15 erected and commissioned high mast lights within Mangaung by 30 June 2022	R6 246 000.	R2 680 746.12	Fifteen (15) erected and commissioned high mast lights	None	Not applicable	Not required
5-2.1(b)	Installed capacity of approved embedded generators on the municipal distribution network by June 2022	2020/21 performance	Approved applications received embedded generation total capacity by June 2022.	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	750 KVA Installed capacity small-scale embedded generators on the municipal distribution network.	None	Not applicable	Not required
5-2.1(c)	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 by 30 June 2022	NRS 047 (2005) - 4.5.3.	Unplanned interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2005) by 30 June 2022	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	a) 26% b) 57% c) 91% d) 100% e) -	a) 4% b) 3% c) +1% d) 0% e) -	Prolonged power failures caused by double cable faults and overhead line that are decrypted.	Replacement of decrepit cable together with regular planned and preventative maintenance.
5-2.1(d)	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 (2005) by 30 June 2022.	NRS 047 (2005) - 4.5.5	Planned scheduled interruptions of the supply should be restored as per NERSA license requirements in terms of NRS 047 requirements by 30 June 2022.	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	One hundred forty-nine (149) planned interruptions were restored as per NRS 047 requirements, only three (3) were not restored within the required timeframe.	Three (3) notices were not restored as per NRS 047	Late Switch on.	Prior pre-planning of activities.
5-2.1(e)	Percentage of valid customer applications for new electricity connections processed in terms	New KPI	Total number of valid customer applications for new electricity connections processed as a	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R793 539.87	The Percentage of valid customer applications is 73.86 %. Two hundred and sixty (260) new electricity connection	One hundred and ninety-three (193) applications not yet constructed	Customers that are not ready to be connected.	Continue to remind customers to keep to the agreed date for construction.



Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output for 2021/22	Variation	Reason(s) for Variation	Remedial action
	of municipal services by June 2022.		percentage in terms of municipal service standards by June 2022.			processed and completed; however, nine-two application connections (92) are not yet constructed			
5-2.1(f)	Number of dwellings provided with connections to the mains electricity supply of the municipality.	2020/21 performance	1550 dwellings provided with electricity connections by 30 June 2022	R 28 000 466.00	R0.00	1550 dwellings not provided with electricity connections	1550 dwellings not provided with electricity connections	Waiting for Mangaung Human settlement to confirm the approval of Klipfontein SG diagram and lifting of the court order for Matlharan-itheng Phase 4.	The target will be reviewed and executed next financial year

*\*Note: These indicators from the Engineering Wires Directorate are also reported by MMM (parent municipality) as agreed upon with the municipal entity based on the business plan and SDBIP submitted.*



### 3.2.6 ENGINEERING RETAIL DIRECTORATE

The Retail Directorate consists of three divisions as indicated in the structure of the entity and these are:

- **Customer Services & Revenue Management** which deals with all customers related issues and metering with associated functions,
- **Energy and Trading Services** is transactional in that it manages the ESKOM bulk purchase accounts, all sales systems and metering, and
- **Systems Engineering** focuses on technology and ensuring that all systems integration happens and that CENTLEC matures to a smart organization.

The department is responsible for revenue generation for the business and manage customer relationships and bulk purchase contracts. Retail is already aligning itself with the new structure and has budgeted accordingly to ensure readiness of the divisions moving forward.

Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output for 2021/22	Variation	Reason(s) for Variation	Remedial action
<b>STRATEGIC SDBIP</b>									
6-2.2(a)	Conduct inspection on Time of Use (ToU) connections to ensure optimum functionality by 30 June 2022	2020/21 Inspection Register	Inspection of 800 Time of Use (ToU) connections 30 June 2022	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	Eight hundred and fifty-seven (857) inspections of Time of Use connections carried out during the year.	Target is achieved.  Fifty-seven (57) more inspections were performed which is higher than yearly target of eight hundred (800).	1. More meter disconnections were conducted which result in more inspection conducted.  2. More inspections were attributed by few electricians that took leave in quarter two (2).	Not required.
6-2.2(b)	Percentage of total residential electricity provision allocated as Free Basic Electricity by 30 June 2022	New KPI	Percentage of total residential electricity provision allocated as Free Basic Electricity (FBE) by 30 June 2022	R0. 00 Internal resources were utilized hence no budget allocated for this KPI	R0. 00 Internal resources were utilized	3.6% of total residential electricity provision allocated as Free Basic Electricity on average to the indigents during 2021/22 financial year.	Target is achieved.  No variation.	Not applicable.	Not required.
6-2.2(c)	Convert rotational meters to prepaid and ToU to ensure optimum revenue collection by 30 June 2022	2020/21 performance	Convert 800 of the rotational meters to prepaid and ToU as per the spies file by the end of 30 June 2022.	R10 535 632	R 3 190 145	Converted one thousand and seventeen (1 017) of the rotational meters to prepaid and ToU meters.	Target is achieved.  The set annual target was exceeded by two hundred and	More resources were reallocated to this project as considered a high priority for enhancement of revenue and	Not required.

Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2020/21 estimated)	Annual target for 2021/22	Planned Budget for 2021/22	Actual Expenditure for 2021/22	Actual output for 2021/22	Variation	Reason(s) for Variation	Remedial action
STRATEGIC SDBIP									
6-2.2(d)	Percentage total electricity losses by 30 June 2022	2020/21 performance	Percentage total electricity losses by 30 June 2022	R0. 00 Internal resources were utilized hence no budget allocated for this KPI.	R0. 00 Internal resources were utilized	10.92% of total electricity losses for 2021/22 financial year.	seventeen (217) of the rotational meters converted to prepaid and Toll meters.  Target is achieved.  No variation.	improving the debt collection rate.  Not required	Not required.

### **3.2.7 COMPLIANCE & PERFORMANCE DIRECTORATE**

The functions of the Compliance and Performance directorate consist of Organizational Performance, Compliance, Security, Fleet and Facilities Management.

The Compliance and Performance Directorate's main areas of responsibility include and revolve around:

- Developing, establishing, and coordinating corporate performance management processes (IDP, SDBIP, and Business Plan, Back to Basics, Annual Report, and Audit Reports) as well as guiding the implementation of measurement approaches and tools, ensuring that the organisation is in substantial compliance with its internal operating policies and procedures and external legal, regulatory, and corporate governance codes.
- Protection of the institution's integrity, people, processes, and assets from loss, ensuring business continuity crisis management by responding within our area of supply and ensuring a safe and secure environment in our workplace.
- Repairs and maintenance of facilities to ensure a conducive and productive work environment.
- Ensuring that Centlec has a reliable fleet.

Ref. No	Performance Indicator (Output level only)	Baseline	Annual Target for 2019/20	Approved Budget for the year	Actual Expenditure for the year	Actual Output for 2020/21	Variation	Reason(s) for variation	Remedial action
7-2.2(a)	Maintain the Fleet according to the 2021/2022 Fleet Maintenance Plan by 30 June 2022	2020/2021 Maintenance Reports	The number of fleet maintained as per the maintenance schedule by 30 June 2022.	R 2 400 000.00	R 1 005 907.33	Total fleet maintained by 30 June 2022 = 157 which equals 64% of the 244 CENTLEC fleet.	87 fleet was not maintained during the year under review.	<p>The vehicles, excluding fleet equipment (trailers, generators, etc.) calculates to 187 fleet items. For the current FY, below a breakdown related to the servicing of the total fleet (inclusive of fleet equipment) of 244;</p> <p>157 fleet items were serviced (64%) up to end June 2022 for the current FY as per manufacturer's requirements</p> <p>In summary related to the fleet that were not serviced within the FY:</p> <p>SP's currently attending to maintenance/repairs/panel beating = 21</p> <p>Fleet not utilized often; service scheduled in new FY = 20</p> <p>Service and repairs scheduled for early in the new FY = 25</p> <p>Newly procured fleet, service only required in the new FY = 10</p> <p>Insurance writes offs = 2</p>	All outstanding fleet will be serviced in the next Financial Year



Ref. No	Performance Indicator (Output level only)	Baseline	Annual Target for 2019/20	Approved Budget for the year	Actual Expenditure for the year	Actual Output for 2020/21	Variation	Reason(s) for variation	Remedial action
7.5.1(a)	Submit reviewed SDBIP FY 21/22, Mid-term report 21/22, multi-year business Plan FY 22/23 and first Draft FY 22/23 SDBIP by 20 January 2022.	2020/21 performance	Submit reviewed SDBIP FY 21/22, Mid-term report 21/22, multi-year business Plan FY 22/23 and first Draft FY 22/23 SDBIP by 20 January 2022.	R0.00 Internal resources were utilised hence no budget allocated for this KPI	R0.00 Internal resources were utilised hence no budget allocated for this KPI	Reviewed SDBIP FY 21/22 and First Draft SDBIP FY 22/23 and Mid-term report submitted on 20 January 2022	None	Proposed to be scrapped and auctioned = 9 <b>Total = 87</b> Not required	None
7.5.1(b)	Compile Multi-Year Business Plan, SDBIP FY 22/23 and submit Mangaung Metropolitan Council by 31st March 2022,	Previous Multi-Year Business Plan, SDBIPs, Performance Plans and Agreements of the Executives.	Compile Multi-Year Business Plan and SDBIP FY 22/23 and submit Mangaung Metropolitan Council by 31st March 2022,	R0.00 Internal resources were utilised hence no budget allocated for this KPI	R0.00 Internal resources were utilised hence no budget allocated for this KPI	Business Plan and SDBIP FY 22/23 was submitted to Mangaung Metropolitan Council (MMM) by 31st March 2022	None	Not required	None
7.5.1 (c)	Signed Performance agreement of Executives for FY 2021/22 submitted to Marketing to be posted on Centlec website by 31 July 2021	FY 2020/21	Signed Performance agreement of Executives for FY 2021/22 posted on Centlec website by 31 July 2021	R0.00 Internal resources were utilised hence no budget allocated for this KPI	R0.00 Internal resources were utilised hence no budget allocated for this KPI	Performance Agreements of Executives posted on the Website except for the COSEC and CEO.	None	Not required	None

## Capital Budget

A detailed three-year capital works plan is required to ensure sufficient detail is available to measure and monitor delivery of planned services.

**Table 20: MTREF as at the 30<sup>th</sup> of June 2022**

INTERNAL FUNDING					
Description	Original Budget	Adjustment Budget 2021-22	MTREF 22-23	MTREF 23-24	MTREF 24-25
TRAINING & DEVELOPMENT	574 174	574 174	574 174	599 438	626 412
DIGITAL RADIO SYSTEM	-	-	3 000 000	3 132 000	3 272 940
COMPUTER EQUIPMENT (COVID-19)	1 004 297	1 004 297	-	-	-
IMPLEM BUSINESS CONT DISASTER RECOV INF	2 800 000	2 800 000	2 730 000	2 850 120	2 978 375
UPGRADE & REFURB COMPUTER NETWORK	1 537 427	6 537 427	5 390 000	5 627 160	5 880 382
BULK SMART METER INSTALLATION	239 593	239 593	239 593	250 135	261 391
METER REPLACEMENT PROJECT	10 562 188	15 562 188	15 000 000	15 660 000	16 364 700
VENDING BACK OFFICE			5 000 000	5 220 000	5 454 900
BOTSHABELO: ESTABLISHMENT OF 132KV (INDU	5 000 000	37 670	5 000 000	5 220 000	5 454 900
ELECTRIFICATION INTERNAL PROJECTS	6 431 192	29 393 522	7 100 000	7 412 400	7 745 958
EXTENSION AND UPGRADING OF THE 11KV NETW	5 000 000	20 133 919	5 000 000	5 220 000	5 454 900
BOTSH-E: EST NEW 33/11KV 10MVA FIRM CAP	5 000 000	5 000 000	8 000 000	8 352 000	8 727 840
BOTSH: UPG SUB T (2ND TRANS SCADA EQUI	8 000 000	-	8 000 000	8 352 000	8 727 840
BOTSH: UPG SUB W (C/WORK B/W 2ND TRA S/D	10 000 000	10 000 000	8 000 000	8 352 000	8 727 840
BLOEM: C/Y-EST 33/11KV 20MVA FIRM SUPDC	10 000 000	-	8 000 000	8 352 000	8 727 840
BLOEM: N/STAD-UPG 132/11KV 20MVA FIRM DC	13 000 000	5 000 000	10 000 000	10 440 000	10 909 800

## INTERNAL FUNDING

Description	Original Budget	Adjustment Budget 2021-22	MTREF 22-23	MTREF 23-24	MTREF 24-25
INFRA CATALYST PROJECTS	8 000 000	8 000 000	8 000 000	8 352 000	8 727 840
PUBLIC ELECTRICITY CONNECTIONS	-	0.00	-	-	-
UPGRADING AND EXTENSION OF LV NETWORK	3 000 000	3 000 000	3 000 000	3 132 000	3 272 940
SERVITUDES LAND (INCL INVEST REMUNE REG	600 000	600 000	600 000	626 400	654 588
INSTALLATION OF PUBLIC LIGHTING	8 000 000	8 000 000	8 000 000	8 352 000	8 727 840
INSTALL PREPAID METERS (INDIGENT)	100 000	300 000	500 000	522 000	545 490
REMEDIAL WORK 132KV SOUTHERN LINES	200 000	200 000	9 000 000	9 396 000	9 818 820
SHIFTING OF CONNECTION AND REPLACEMENT S	1 005 275	1 005 275	1 005 275	1 049 507	1 096 735
REFURBISHMENT OF HIGH MAST LIGHTS	7 029 525	7 029 525	7 029 525	7 338 824	7 669 071
REP LOW VOLT DECREPIT 2/4/8 WAY BOXES	508 390	508 390	800 000	835 200	872 784
REP BRITTLE OVERHEAD CONNECTIONS	-	-	1 000 000	1 044 000	1 090 980
S/LIGHTS REPLACE POLE TRNS POLES SECTION	2 077 195	2 077 195	2 176 900	2 272 684	2 374 955
PROTECTION TEST UNIT	-	-	2 000 000	2 088 000	2 181 960
REPLACEMENT OF 110V BATTERIES	1 557 553	1 557 553	2 250 000	2 349 000	2 454 705
REPLACEMENT OF 11KV SWITCHGEARS	1 858 403	1 858 403	2 250 000	2 349 000	2 454 705
REPLACEMENT OF 32V BATTERIES	510 827	510 827	2 000 000	2 088 000	2 181 960
REFUR PROTEC & SCADA SYSTEMS DIST CENTR	789 241	789 241	1 000 000	1 044 000	1 090 980
TRANSFORMER REPLACE & OTHER RELATED EQUI	9 800 000	9 800 000	13 000 000	13 572 000	14 182 740
INSTALLATION OF HIGH VOLTAGE TEST EQUIPMENT	-	-	2 500 000	2 610 000	2 727 450
REPLACEMENT OF OIL PLANT	200 000	200 000	500 000	522 000	545 490
REPAIR MMM DIST DIST CENTRE	11 133 919	4 000 000	12 247 311	12 786 193	13 361 571
REPAIR VISTA DIST DIST CENTRE	14 498 158	-	30 163 644	31 490 844	32 907 932
VEHICLES	30 000 000	64 498 158	17 950 000	18 739 800	19 583 091

### INTERNAL FUNDING

Description	Original Budget	Adjustment Budget 2021-22	MTREF 22-23	MTREF 23-24	MTREF 24-25
SECURITY EQUIPMENT	1 034 488	3 534 488	2 250 000	2 349 000	2 454 705
FURNITURE AND OFFICE EQUIPMENT	515 100	515 100	2 250 000	2 349 000	2 454 705
OFFICE BUILDING	2 718 850	2 718 850	8 418 850	8 789 279	9 184 797
<b>TOTAL INTERNAL FUNDING</b>	<b>184 285 795</b>	<b>216 985 795</b>	<b>230 925 272</b>	<b>241 085 984</b>	<b>251 934 853</b>

### PUBLIC ELECTRICITY CONNECTIONS

Description	Original Budget	Adjustment Budget 2021-22	MTREF 22-23	MTREF 23-24	MTREF 24-25
PUBLIC ELECTRICITY CONNECTIONS	13 000 000	13 000 000.00	14 300 000	14 929 200	15 601 014

### ELECTRIFICATION GRANT

Description	Original Budget	Adjustment Budget 2021-22	MTREF 22-23	MTREF 23-24	MTREF 24-25
ELECTRIFICATION (USDG GRANT)	20 466 030	28 466 030	20 000 000	20 880 000	21 819 600



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.1 Introduction

The Entity values its human capital and strives to ensure equity and fairness in the workplace. The Entity has committed itself to implement employment equity strategies for promotion of equality among employees and accelerate the development of its work force.

### 4.2 Workforce profile (including people with disabilities)

The Employment Equity observations depicts that there is over representation within the African and White Males. There is under representation within the female occupational levels. The Entity will allow the process of natural attrition (retirements) to take its cause. The Entity is guided by its EE Plan which advises that the recruitment and selection processes should focus on all female categories including people with disabilities.

**Table 21: Workforce profile as at the 30<sup>th</sup> of June 2022**

Occupational Level	MALE				FEMALE				PWD's People with Disability		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	4	0	0	0	2	0	0	0	0	0	6
%	0.6	0	0	0	0.3	0	0	0	0	0	0.8
Senior Management	17	1	0	5	9	0	0	0	0	1	33
%	2.5	0.1	0	0.6	1	0	0	0	0	0.1	4.3
Professionally qualified	44	2		12	37	0	0	2	0	0	97
%	6.6	0.6	0	1.4	4.3	0	0	0.1	0	0	13
Skilled	102	4	0	17	63	1		1	0	0	188
%	13.6	0.3	0	2.8	8.1	0.1	0	0.3	0	0	25.2
Semi-skilled	113	5	0	1	58	3		3	1	1	185
%	15.7	0.6	0	0.6	9.4	0.4	0	0.4	0.1	0.1	27.3
Unskilled	115	1	0	1	89	0	0	0	0	0	206
%	16.4	0.1	0	0.1	12.5	0	0	0	0	0.3	29.5
<b>TOTAL PERMANENT</b>	<b>395</b>	<b>13</b>	<b>0</b>	<b>36</b>	<b>258</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>2</b>	<b>715</b>
<b>TOTAL %</b>	<b>55.4</b>	<b>1.7</b>	<b>0</b>	<b>5.4</b>	<b>35.5</b>	<b>0.6</b>	<b>0</b>	<b>0.8</b>	<b>0.1</b>	<b>0.6</b>	<b>100</b>



### 4.3 Employees with Disabilities only

The percentage are calculated based on the total number of staff establishment. The Entity had 715 warm bodies as of 30 June 2022. Based on the table below, The Entity needs to appoint more disabled employees to comply with the legislation.

**Table 22: Employees with disabilities as at the 30<sup>th</sup> of June 2022**

Occupational Levels	MALE				FEMALE				PWD's People with Disability		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	0	0	0	0	0	0	0	0	0	0	0
%											
Senior Management	0	0	0	0	1	0	0	0	0	0	1
%											
Professionally qualified	0	0	0	0	0	0	0	0	0	0	0
%											
Skilled	0	0	0	0	0	0	0	0	0	0	0
%											
Semi-skilled	1	0	0	0	1	0	0	0	0	0	2
%											
Unskilled	0	0	0	0	0	0	0	0	0	0	0
%											
<b>TOTAL PERMANENT</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
TOTAL %	0	0	0	0	0	0	0	0	0	0	0

### 4.4 Employee Age Analysis

The table below depicts the age analysis of the Entity's work force as at 30<sup>th</sup> of June 2022.

**Table 23: Employee age analysis as at the 30<sup>th</sup> of June 2022**

No	Employee Age Analysis	Employee Categories
1	3	19-23
2	232	24-39
3	278	40-49

No	Employee Age Analysis	Employee Categories
4	165	50-59
5	37	60-65
<b>Total 715</b>		

#### 4.4.1 Human Resource policies

The municipal entity utilised the policies of MMM for the financial year 2021/22.

#### 4.4.2 Health and Safety and Environmental Issues.

CENTLEC(SOC) Ltd continues to manage Health, Safety, and Environmental issues through strict compliance with the Occupational Health and Safety Act, Act 85 of 1993 and its regulations. (OHS Act) This includes all other relevant legislations like the Compensation for Occupational Injuries and Disease Act, Act 130 of 1993 (COSA), and the National Environmental Management Act, Act 107 of 1998. (NEMA)

#### Key Measures Taken In 2021/22

Hazard Identification and Risk Assessment continues to form the foundation of our Health and Safety program, the entity believe that to mitigate or eliminate risks to the Health and Safety of our employees, risks must be identified, evaluated, and precautionary measures implemented.

All the injuries on duty and occupational diseases are reported to the Compensation Commissioner as required by COSA.

The Occupational Health and Safety Policy is approved by CENTLEC's Board of Directors on 26 February 2021.

#### 4.4.3 Training Costs

The following trainings were provided to the employees during 2021/22 financial year.

**Table 24: Training Costs as at the 30<sup>th</sup> of June 2022**

SKILLS DEVELOPMENT	TOTAL COST	TOTAL NUMBER OF EMPLOYEES TRAINED		
		MALES	FEMALES	TOTAL
Training provided for the period under review.	<b>R2,202,402.</b>	145	74	219

#### 4.4.4 Financial competency development

In terms of the *Guideline for Municipal Competency Levels: Finance officials at Middle Management Level* of the entity conducted the minimum competency assessments as required by Sections 107 and 119 of the MFMA (2003). Identified officials attended the MFMP training and assessment; however, as at year-end, the process was still ongoing to ensure that all officials attend the training within the specified period.

**Table 25: Financial**

	Total number of employees in Finance as per Staff Establishment	Total number of employees completed MFMP Course	Total number of employees currently busy with the MFMP Course	Total number employees not yet registered for MFMP Course
Total number of employees (Warm bodies)	73	42	10	21
<b>Percentage (%)</b>		<b>58%</b>	<b>14%</b>	<b>29%</b>

**Table 26: SCM**

	Total number of employees in Supply Chain as per Staff Establishment	Total number of employees completed MFMP Course	Total number of employees currently busy with the MFMP Course	Total number employees not yet registered for MFMP Course
Total number of employees (Warm bodies)	20	10	4	6
Percentage (%)		50%	20%	30%

**Table 27: Consolidated Development**

Total of both Finance and Supply Chain	93	52	14	27
Percentage (%)		56%	15%	29%

The entity has seventy-three (73) employees (warm bodies) in Finance and twenty (20) in Supply Chain as per the staff establishment during the year under review. 56% of the total of ninety-three (93) employees for both Finance (58%) and Supply Chain (50%) have completed the Municipal Financial Management Programme (MFMP) and 15% (which is 14% for Finance and 20% for Supply Chain) of the employees are currently enrolled for the Programme. The remaining 29% of the employees will be registered for the programme soon.

The Acting Chief Financial Officer has signed the performance agreement during 2021/22 financial year which was reviewed on quarterly basis.

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1 Revenue

The entity's total revenue from exchange transactions increased by 8.6% to R 2 967 119 433 in 2021/22. The annual tariff increases, electricity meter inspections and conversions of bulk meters to Time of Use and Pre-paid attributed to increase on revenue compared to prior year.

#### REVENUE

- 8.6% increase in total revenue
- 43.4% decrease in grant income

Grant income decreased by 43.4% due to the increase in DORA allocation for the current year. In the prior year, this amount related to R 43 760 976.

### 5.2 Expenditure

As in prior periods, the most significant expense disclosed by the entity relates to its bulk electricity purchases. This expenditure represents 63% of the entity's total expense.

Expenditure increased, in total by 15.76% as compared to the prior expenditure.

#### EXPENDITURE

- 6% increase in employee related costs
- 15.76% increase in Expenditure
- 2% increase in depreciation and amortisation
- 109% decrease in Impairment

Employee related costs increased by 6%. The increase is due to the normal annual salary increase, staff appointments and notch increments made during the year.



### **5.2.1 Deficit**

The entity had a deficit of R 189 513 089 for the year, compared to R 13 728 294 deficit for the 2020/21 year.

## **5.3 Financial position**

The 2021/22 financial year saw an improvement in the municipal entity's financial position. This is clear on the following line items on the statement of financial position:

- A decrease of cash and cash equivalents of R 3 565 097.
- Liquidity - current liabilities exceeded current assets by approximately R 236 388 186.
- Solvency - total assets exceeded total liabilities by R 4 394 643 292 at the end of 2021/22.

## **5.4 Budget**

The municipal entity's final approved budget for 2021/22 indicated a profit of R 322 190 398. The actual amount on a comparable basis amounted to a deficit of R 189 513 089.

## **CHAPTER 6: AUDITOR-GENERAL'S FINDINGS ON PRIOR YEAR ISSUES**

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### **6.1 Purpose of the report**

- To provide feedback on the progress made with respect to the implementation of the Audit Action Plan as developed in response to the municipal entity's audit and management reports for the financial year ended 30 June 2021.
- To provide feedback on the current control environment and corrective measures implemented during the 2020/21 financial year.

### **6.2 Introduction and background**

The municipal entity continued with the resolute effort to address the audit findings as raised by the office of the Auditor-General in the 2020/21 financial year. The focus while implementing and monitoring the follow up on the audit action plan has been primarily the improvement on the audit outcomes of the previous years.

This is in pursuit of the clean audit outcome as envisaged by the municipal entity's leadership and management.

An audit action plan was developed that has been implemented vigorously and monitored with the involvement of all directorates, internal audit, office of the Auditor-General, Audit and Risk Committee and the Board of Directors.

Furthermore, the progress on the audit action plan has been reported to the extended executive team on a weekly basis, with critical focus on issues that require collective effort from all user departments.

The progress report was tabled before the Audit and Risk Committee and the Board of Directors for deliberation and consideration. This progress was further shared with the office of the Auditor-General who provided continuous feedback.

### **6.3 Executive summary: Implementation of Audit Action Plan**

This section will provide an executive summary of the corrective measures implemented by the municipal entity to deal with the audit findings as reported on by the Auditor-General.

#### **6.3.1 Improvements to the internal control environment**

The 2020/21 Management report issued by the Auditor-General's office (AGSA) covered matters that were not resolved and finalized in the previous audit process. Management accordingly analysed the findings raised as per the audit report and determined that the following matters required immediate attention to improve on the 2020/21 audit outcome:

- Material Impairments
- Irregular expenditure management
- Inadequate controls over ensuring that payments are made within 30 days.

### 6.3.2 Progress on matters reported in the audit report

#### 6.3.2.1 Auditor General findings on Non-compliance with legislation

**Table 27: Auditor General findings on Non-compliance as at the 30<sup>th</sup> of June 2022**

Auditor General finding on previous year non-compliance with legislation	
Non-Compliance	Remedial Action Taken
<p><b>Restatement of corresponding figures</b></p> <p>As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2020 were restated because of an error in the financial statements of the municipal entity at, and for the year ended, 30 June 2021.</p>	
<p><b>Annual financial statements</b></p> <p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets and current assets identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.</p>	<p>The entity will enhance the process of review the annual financial statement to comply with section 122 (1) of MFMA.</p>
<p><b>Expenditure management</b></p>	

Auditor General finding on previous year non-compliance with legislation	
Non-Compliance	Remedial Action Taken
<ol style="list-style-type: none"> <li>1. Reasonable steps were not taken to prevent irregular expenditure amounting R219 138 757 (2020: R311 230 313), as disclosed in note 46 to the annual financial statements, as required by section 95(d) of the MFMA. In addition, the full extent of irregular expenditure is still in the process of being determined.</li> <li>2. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R11 918 301 disclosed in note 45 to the annual financial statements, in contravention of section 95(d) of the MFMA. Majority of the disclosed fruitless and wasteful expenditure was caused by interest charged on overdue accounts.</li> <li>3. Expenditure was incurred more than the approved budget, in contravention of section 87(8) of the MFMA.</li> </ol>	
<p><b>Procurement and contract management</b></p> <p>Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).</p>	<p>Management had improved their internal controls to ensure that the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).</p>



Auditor General finding on previous year non-compliance with legislation	
Non-Compliance	Remedial Action Taken
Some of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).	

## Contact details

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### Chief Executive Officer

**M Sekoboto**

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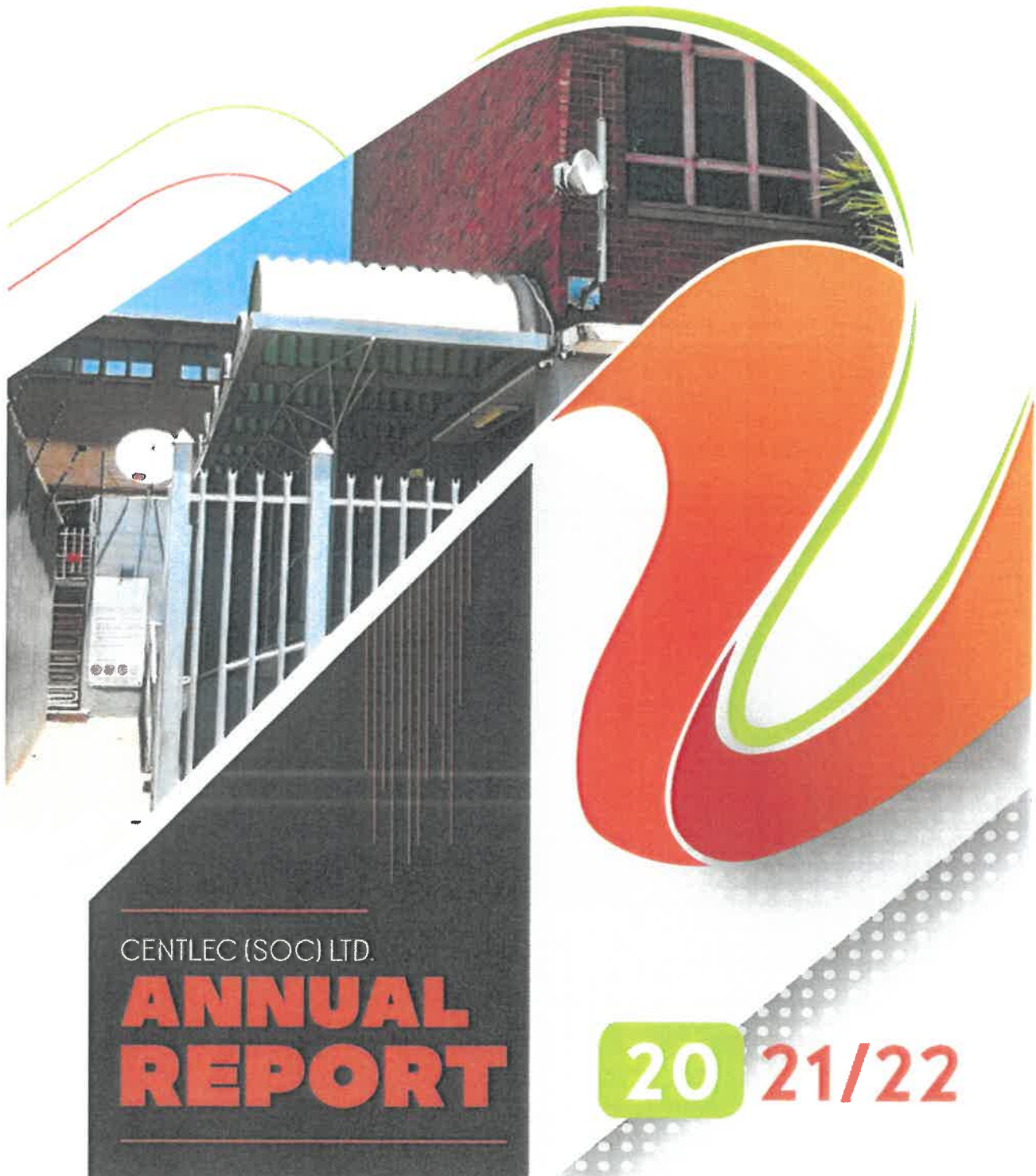
### Acting Chief Financial Officer

**S Zziwa**

### Tel:

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## 7 APPENDICES

7.1 APPENDIX A:	BOARD MEMBERS; COMMITTEE ALLOCATION AND ATTENDANCE
	- See paragraph 2.4
7.2 APPENDIX B:	COMMITTEES AND COMMITTEE PURPOSES
	- See paragraph 2.4
7.3 APPENDIX C:	THIRD TIER ADMINISTRATIVE STRUCTURE
	- See paragraph 1.6
7.4 APPENDIX D:	FUNCTIONS OF ENTITY
	- See paragraphs 1.3, 1.4, 1.5 and 1.10
7.5 APPENDIX E:	WARD REPORTING
	- Not applicable
7.6 APPENDIX F:	WARD INFORMATION
	- Not applicable
7.7 APPENDIX G:	RECOMMENDATIONS OF THE AUDIT COMMITTEE
	- See paragraph 6.3
7.8 APPENDIX H:	LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS
	- Not applicable
7.9 APPENDIX I:	MUNICIPAL ENTITY PERFORMANCE SCHEDULE
	- Not done in full compliance with reporting requirements.
7.10 APPENDIX J:	DISCLOSURES OF FINANCIAL INTERESTS
	- See paragraph 10 of the Directors Report in the Annual Financial Statements attached as Appendix T
7.11 APPENDIX K:	REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE
	- See Notes 24, 25, 26, 30, 31, 32 of the Annual Financial Statements attached as Appendix T
7.12 APPENDIX L:	CONDITIONAL GRANTS RECEIVED
	- See Note 30 of the Annual Financial Statements attached as Appendix T
7.13 APPENDIX M and N:	CAPITAL EXPENDITURE
	- See Notes 9 and 10 the Annual Financial Statements attached as Appendix T
7.14 APPENDIX O:	CAPITAL PROGRAMME BY PROJECT BY WARD
	- Not applicable
7.15 APPENDIX P:	SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS
	- Not applicable
7.16 APPENDIX Q:	SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION
	- Not applicable
7.17 APPENDIX R:	DECLARATION OF LOANS AND GRANTS MADE
	- Not applicable
7.18 APPENDIX S:	DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71
	- Not applicable
7.19 APPENDIX T:	ANNUAL FINANCIAL STATEMENTS
	- Pages to follow (Pg. 101 to 236)
7.20 APPENDIX U:	REPORT OF THE AUDITOR-GENERAL ON CENTLEC (SOC) LTD
	- Pages to follow (Pg. 238 to 244)



**20** 21/22



# **CENTLEC (SOC) LTD.**

## **A N N U A L   R E P O R T**

"To be a reliable energy utility that enables social and economic upliftment".